



# SMART HYBRIDITY

Potentials and  
Challenges of  
New Governance  
Arrangements

**Joop Koppenjan**  
**Philip Marcel Karré**  
**Katrien Termeer**  
(Eds.)

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In our current society, governments face complex societal issues that cannot be tackled through traditional governance arrangements. Therefore, governments increasingly come up with smart hybrid arrangements that transcend the boundaries of policy domains and jurisdictions, combine governance mechanisms (state, market, networks and self-governance), and foster new forms of collaboration. This book provides an overview of what smart hybridity entails and of its potentials and challenges. It includes empirical analyses of hybrid arrangements in five policy domains, and reflections upon these studies by internationally renowned governance scholars. They show that the smartness of the new hybrid arrangements does not lie in realizing quick fixes, but in participants' capacities to learn, adapt and arrive at sustainable and legitimate solutions that balance various public values.

'Hybridity increasingly defines the governance, structure and operation of contemporary social institutions. Yet, surprisingly, there is limited insight available as to the decision-making and effectiveness of the various compositions that hybrid governance modes may take. This edited volume addresses this shortfall by way of a series of applied case studies that serve to unpack the various mixes of governance arrangements, their features and operating processes of hybrid arrangements across several fields. It will be particularly useful for those charged with designing, implementing and evaluating the 'smarter' hybrid governance arrangements required for our increasingly complex and challenging contexts.' Professor Robyn Keast, Southern Cross University, Gold Coast, Australia.

'Hybridity is one of the biggest challenges for public management in the modern world. In this volume an outstanding collection of colleagues is brought together to explore the theory and practice of governance in a hybrid world. This is an important collection that I will return to, time and again.'

Professor Stephen Osborne, University of Edinburgh Business School, Edinburgh, United Kingdom.

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## PREFACE

The development of the public sector over the last couple of decades is often described in terms of a more or less linear shift from traditional public administration, via new public management, towards new public governance. Increasingly, governance scholars question this view and point to the emergence of hybrid governance. In dealing with the complexities of current societal problems and the high demand imposed on the delivery of public services, governments increasingly mix various governance modes, seeking to combine their strengths.

This volume focuses on smart hybridity, hybrid arrangements not intended as comprehensive reforms through a grand design but new, innovative and tailor-made governance practices that attempt to deal with complexities within an existing governance context by combining and bridging new and already existing instruments and logics. Although this may involve the intensive use of data and new information technologies (like social media), ‘smart’ in this context refers in the first place to combining various logics and modes of coordination. These new governance practices are smart because they are hybrid; hence the concept of smart hybridity. This notion implies ambitions to realize effective, efficient and legitimate governance solutions that deal with the complexities and dynamics of the current society. Although smart hybridity tries to bypass the drawbacks of existing governance modes, it is not aimed at simply realizing quick fixes. Rather, it aims at the realization of solutions and public services that are sustainable and enhance institutional trust and the resilience of both governance structures and society as a whole.

Despite these ambitions and promises, the concepts of both smartness and hybridity are weakly developed. The aim of this book is to explore the nature, dynamics and effects of new smart hybrid governance arrangements in order to increase our knowledge and understanding of these new ways of governing, thus contributing to both theory and practice. The chapters of this book report the findings of five research projects on smart hybrid governance practices

and a collection of reflections by international governance scholars based on those findings. The research projects were carried out in the context of the ‘Smart Governance and Human Capital’ research programme of the Dutch Research Council (NWO) during the period 2015-2019. We would like to thank NWO for financing the translation of the parts of the manuscript (Chapters 1-6) that were originally written in Dutch. We also would like to thank the editorial board of the Dutch public administration journal *Bestuurskunde* for supporting this English publication that was originally published as a special issue of their journal (*Bestuurskunde*, nr 2, vol 27, summer 2018). We are also grateful to our publisher, Joris Bekkers, of Eleven International Publishing, for enthusiastically supporting the initiative to transform the original text into an English manuscript on smart hybridity. Furthermore, we would like to thank two anonymous reviewers for their critical comments on the manuscript. And, most importantly, we thank all the contributors to this book.

Joop Koppenjan  
Philip Marcel Karreé  
Katrien Termeer

# **INTRODUCTION**



# CHAPTER 1

## NEW GOVERNANCE ARRANGEMENTS. TOWARDS HYBRID AND SMARTER GOVERNMENT?

*Joop Koppenjan, Philip Marcel Karré and Katrien Termeer*

### **1.1 Introduction**

In this book, we study new governance arrangements that have recently developed around complex issues in the public sector – new governance arrangements that emerge in response to the increased complexity, uncertainty and volatility of the issues and societal developments governments are confronted with (Tollefson, Zito, & Gale, 2012; Van der Wal, 2017). Societal challenges that cannot be tackled through traditional governance methods, that is, hierarchy, market, networks and societal self-governance. These challenges include issues such as regional economic development, urban renewal, social inequality, sustainability and climate change, integral youth care, the ageing workforce in the public services sector, economic growth, the development of a future-proof infrastructure and crisis management. These problems are commonly referred to as ‘wicked’, since they are resilient and hard to solve and hold a permanent position on political agendas (Head & Asley, 2015; Hoppe, 2010).

Wicked problems are complex not only because they are technically difficult and require specific knowledge to be dealt with but also because they are complex at the social level, owing to the lack of consensus about underlying values. That makes it difficult to generate solutions that receive widespread support. Furthermore, these issues are often at odds with the existing division of roles between

government departments as well as between central government and other administrative levels (*see, e.g. Lægreid & Rykkja, 2015*). They require integral and interdisciplinary solutions, yet administrative reality is often plagued by fragmentation. Besides a lack of coordination and coherence, there is also a high degree of uncertainty. This uncertainty stems from the fact that it is not clear how parties will act, from a lack of knowledge and information about the nature of problems and from the changeable character of the issues at hand and the confusion that arises during certain events, like policy controversies, disasters and crises (Duit & Galaz, 2008; Klijn & Koppenjan, 2016). However, it is also possible that parties do not trust the available information and knowledge or that these are plagued by controversy. This has to do with the high knowledge intensity of many of these issues. Expertise and substantive knowledge are important yet ambiguous and contested (Hoppe, 2010; Weber & Khademian, 2008). Furthermore, the recurring nature of these issues stems from the fact that yesterday's solutions often become today's problems. Complex issues are never truly solved, and it is always possible to do better (Termeer, Dewulf, Karlsson-Vinkhuyzen, Vink, & van Vliet, 2016).

Moreover, the context in which these issues play out is changing drastically owing to the rise of social media, disruptive innovations, big data and populism. As the challenges that our society faces become greater, social cohesion and trust in traditional institutions are in decline. This threatens the resilience of our society as a whole (Chandler, 2014; Van der Wal, 2017).

## **1.2 Limitations of Existing Organizational and Governance Arrangements**

Complex societal issues call for appropriate governance, yet existing organizational and governance arrangements are far from suitable for that task. Traditional public administration – characterized by the combination of the hierarchical, rational bureaucratic way of organizing and representative democracy – facilitated the rise of the welfare state in the twentieth century and contributed to the decline of poor governance and corruption. However, over time this model resulted in big government, inefficiencies, affordability problems and

policy silos. As such, it is not compatible with the transboundary and horizontal nature of many policy challenges and the complex public services that are needed nowadays (Hughes, 2012; Koppenjan, 2012; Osborne, 2006). Market instruments, which were widely adopted in public sectors all over the world from the 1980s onwards under the influence of the New Public Management (NPM) philosophy, promised an increase in efficiency and transparency. To what extent they lived up to these expectations remains a matter of debate. However, they led to hyperfragmentation, dominance of efficiency considerations over other public values, and opportunistic behaviour and alienation among public professionals and clients. Furthermore, they often fail to offer the coherence, innovation, public values and involvement that new challenges require (Hood, 1991; Hood & Dixon, 2015; Pollitt & Bouckaert, 2004). A shift towards what has been labelled as New Public Governance (NPG) has been taking place in recent decades, as is evident from the rise of network governance and various forms of collaborative governance. Although network governance facilitates collaboration and horizontal administration, this way of governing also has its risks and drawbacks. It may result in problems such as exclusion, limited transparency and high transaction costs. The expectation that citizens and social organizations will take action to overcome new challenges is often curbed by the limitations of societal self-governance (Ansell & Gash, 2007; O'Flynn, 2007; Osborne, 2006; Pierre, 2000; Sørensen & Triantafyllou, 2013; Teisman, van Buuren & Gerrits, 2009; Torfing & Triantafyllou, 2013). Table 1 provides an overview of the strong and weak points of each of the aforementioned modes of governance (compare Koppenjan, 2012; Nederhand, Klijn, Van der Steen & Van Twist, 2019).

Table 1 Governance models and their strengths and weaknesses

	<b>Traditional Public Administration</b>	<b>New Public Management</b>	<b>New Public Governance: Collaborative Network Governance</b>	<b>New Public Governance: Societal Self-Steering and Self-Governance</b>
Strengths	Effective provision of public goods and services; good governance	Performance, efficiency, transparency	Integrative policies and services; public values	Tailor-made solutions and services; community and citizen empowerment
Weaknesses	Inefficient; fragmented; no tailor-made solutions; no innovation	Hyperfragmentation, perverse incentives; cultural confusion	High transaction cost; lack of transparency; limits of voluntary agreements	Inequality; overestimation of informal networks; lack of continuity

### 1.3 New Governance Arrangements: Hybrid and Smart

Traditional governance arrangements, hierarchy, markets, networks and societal self-steering alike are ill-suited to deal with complex societal issues on their own. At the same time, various parties, governments, businesses, societal organizations and citizens are experimenting with a wide range of new, smart and hybrid forms of governance in order to overcome the shortcomings of traditional governance regimes. Examples range from citizen initiatives and Internet platforms to cross-government coalitions, non-rule-based forms of behavioural influencing (nudging), relational governance and private self-governance and branding. They may involve emergent forms of governance, such as the ‘Takecarebnb’s’, in which Amsterdam citizens sheltered refugees as they waited to be assigned a house by the government after receiving a residence permit (Boersma, Kraiukhina, Larruina, Lehota, & Nury, 2018), or initiatives by social entrepreneurs aimed at labour market integration of low-skilled individuals (Karré, 2018). They may also involve new ways of working imposed by the government, such as care provided by family members, replacing formal care arrangements, or private-public partnerships, replacing traditional procurement of public infrastructure (Griffith, 2000;



Koppenjan & de Jong, 2018; Nederhand, Bekkers, & Voorberg, 2016; Tollefson et al., 2012).

In this book we examine various examples of such new governance arrangements. We show that their success lies in their hybridity, which makes them a smart way to deal with society's wicked problems. They are hybrid because they transcend the borders of traditional sectors (state, market, networks and society), policy domains and jurisdictional levels. They combine different and inherently contradictory governance mechanisms (state, market networks and self-organisation) in new and innovative ways and foster co-production between different societal actors. They are smart in the sense that they rarely involve the introduction of fundamentally new organizational structures and methods or costly, large-scale reforms. Instead, they involve modifications of existing organizational and governance arrangements, the introduction of innovations on a small scale, or the intelligent combination of existing methods through 'bricolage' (Fulgsang, 2010; Lowndes & Roberts, 2013; Streeck & Thelen, 2005). These new forms of organization and governance rely on informal mechanisms and 'softer' governance methods and manage to bridge the gaps between individuals, organizations, domains and administrative levels in today's hyperfragmented organizational, economic, political and social environment (Koppenjan, 2012).

Hybrids are, of course, not a new or uncommon phenomenon. Yet hybridity has so far been studied mainly at the organizational level. The concept has already been applied during the 1980s and 1990s (Bardach & Eccles, 1991; Eccles, 1981; Lowndes & Skelcher, 1998; Offe, 1996; Rhodes, 1997; Williamson, 1991). Since the beginning of the new millennium, we have seen a new wave of studies on hybridity owing to the increased mixing of governance modes described earlier (e.g. Battilana & Lee, 2014; Brandsen & Karré, 2011; Denis, Ferlie, & van Gestel, 2015; Powell, Gillett, & Doherty, 2019; Smith, 2014). Authors see an increasing number of hybrid organizations, straddling the borders between state, market and civil society, each with its unique set of norms, values and institutional logics (Anheier & Krlev, 2015; Billis, 2010; Karré, 2011; Powell et al., 2019; Schmitz & Glänzel, 2016; Smith, 2014; Tenbenschel, 2017).

Hybridity, of course, also develops in networks where parties from different sectors and domains meet, for example in public-private partnerships. And in view of the transition from the welfare state to public service provision by a network of various parties (public, private and civil society), the whole system of public service delivery is now understood to have become not only more complex but more hybrid as well (Christensen & Lægreid, 2010; Emery & Giauque, 2014; Johanson & Vakkuri, 2017). However, how hybridity functions at the interorganizational and system level and what implications hybridity has for governance remain understudied.

The new and smart governance arrangements described in this volume are hybrid since they have a horizontal nature but do not preclude the presence of hierarchy or markets. They combine different governance methods and are often embedded in more comprehensive institutional practices (compare Tollefson et al., 2012). They are not limited to local administration either, despite the often-prominent role played by local actors and citizens (compare Barber, 2013). Rather, they can be found at various levels of government and often include forms of multilevel governance in the sense that they are being influenced by actors, policies and institutions at the local, regional, national and international levels (Klijn & Koppenjan, 2016; Peters & Pierre, 2001).

Among other things, this means that hybrid, and thus smart governance involves bringing the right parties together at the right moment and stimulating their collective problem-solving capability as well as finding new governance arrangements in the space that exists between government, market and society. These are often hybrid forms of governance based on smart combinations of existing organizational and governance methods.

Howlett and Rayner (2006), for example, identify instances of policy instruments and programmes stacked on top of each other in a process of policy layering “that requires ‘smart’ or ‘co-ordinated’ governance arrangements”. Smart governance in this sense is not so much about the use of information technology and big data, as is the case, for instance, in accounts on ‘smart cities’. Rather, it is about coordinating various forms of governance, arriving at intelligent hybrid combinations of policy instruments and governance models

(see also Bolívar & Meijer, 2016; Gunningham, Grabosky, & Sinclair, 1998; Willke, 2007).

Ideally, these new hybrid governance arrangements combine the strengths of each governance mode and compensate or mitigate its weaknesses. However, given their fundamentally different nature, hybrid arrangements will always create tensions. These tensions can be made productive when they create synergies and lead to innovation, but they can also become destructive and therefore counterproductive (Anheier & Krlev, 2015; Battilana & Lee, 2014; Brandsen & Karré, 2011; Christensen & Lægreid, 2010; Howlett & Rayner, 2006; Jacobs, 1992; Karré, 2011; Mair et al., 2015). The question, therefore, is not whether hybridity in governance arrangements is a smart idea (that ship has sailed, one might say) but rather how we can deal with its effects and therefore create a situation that could be described as *smart hybridity*. We do this in this volume by looking at how these new hybrid arrangements work in practice. By doing so, we counter the criticism (e.g. Billis, 2010; Denis et al., 2015; Skelcher & Smith, 2014) that hybridity is often used in public administration or management research only as a descriptive or umbrella term, without paying attention to questions concerning its specific nature and effects and how it can be managed in a smart way and used as a smart form of governance.

These questions have to be raised as the new hybrid arrangements described in this volume are expected to result in adequate and smart ways to deal with actual complex societal challenges. Nevertheless, some scepticism regarding the use of these new governance arrangements to deal with complex societal problems is justified. After all, they address major challenges and involve lofty ambitions, while at the same time they often do not entail large-scale reforms or radically different forms of organization and management. On the other hand, can smart governance be seen as a breeding ground for new organizational and governance arrangements? Fundamental reforms or radical interventions do not necessarily bring about transformative changes; one need only look at the effectiveness of the attempted regime change in Iraq or the aftermath of the Arab spring, in the Arab world, to understand that. Instead, transformative changes are often the result of gradual and incremental changes and the effects

of learning processes over a longer period. They tend to start small and gain salience through gradual broadening, upscaling and mainstreaming (see, e.g. Elzen, Geels, & Green, 2003; Lowndes & Roberts, 2013; Termeer, Dewulf, & Biesbroek, 2017).

The observation that governments increasingly use smart and hybrid governance arrangements to respond to complex problems raises the question of the extent to which these new forms of governance live up to expectations. Can they indeed adequately tackle today's societal challenges, resulting in effective, innovative and legitimate solutions and public services that contribute to society's resiliency and the restoration of people's trust in policies and public institutions?

#### **1.4 The Research Questions Addressed in This Book**

This book focuses on examining various examples of smart hybridity in practice, with the aim of addressing the complex challenges that today's society and public sector face. In particular, answers are sought to the following questions:

1. What is the nature of new hybrid governance arrangements, and what characteristics do they share?
2. What assumptions and mechanisms form the foundation of these new hybrid governance methods, and how have they manifested themselves in practice?
3. In what way do the new hybrid governance arrangements contribute to solving complex challenges in terms of effectiveness, innovation and application of knowledge, legitimacy and resilience; to what extent are they smart?

The book consists of two parts. The first part presents the findings of five research projects on governance practices in which new, smart and hybrid governance arrangements are applied. These contributions are based on research projects conducted as part of a multi-year research programme in new, smart governance arrangements funded by the Dutch Research Council (NWO). Although this research was conducted in a Dutch context, it was characterized by an international orientation. The contribution on the certification of trade and production chains (Chapter 6), for instance, examines

international governance practices. In some contributions, experiences from different countries are compared. The study of platform governance during crisis situations (Chapter 2) compares experiences from the Netherlands and Nepal, and Chapter 5, on regional governance, compares cases from four European countries. In the other contributions on public-private partnerships (Chapter 3) and the decentralization in the social care domain (Chapter 4), Dutch experiences are placed in an international perspective. In the choice of those governance practices and policy areas, the primary concern was not generalizability but rather the availability of expertise and data, and the quality of the research. However, it can be said that the case studies presented in the various contributions combine to create a rich overview of the variety of the playing field and the diversity of the new, hybrid and smart governance arrangements with which governments attempt to address today's complex societal challenges.

The first contribution (Chapter 2), by Boersma, Ferguson, Groenewegen, Mulder, Schmidt and Wolbers, investigates the collaboration between emergency services and citizens during crisis situations and disasters in and around Internet platforms. This contribution inquires into the role that online platforms play in smartly guiding the self-organization of citizens during crises and disasters. Social media and online platforms have increased the possibilities for self-organization through improved connectivity. In crisis situations, governments struggle to combine this form of self-organization with the work of professional emergency services and their own coordinating role. This raises the question of whether and how citizens' initiatives and crises management by government can be combined. The contribution discusses two cases in more depth: the role of online platforms in the aftermath of the earthquakes in Nepal in 2015 and the coordination of the reception of refugees during the crisis in the Netherlands in the winter of 2015-2016.

Koppenjan, Klijn, Warsen and Nederhand discuss in Chapter 3 the attempts to arrive at smart governance modes in managing hybrid public-private partnerships (PPPs), more specifically public infrastructure projects governed by design, build, finance, maintain

and operate (DBFMO) contracts. In doing so the Dutch government was strongly inspired by the UK Private Finance initiative. The idea behind these partnerships is that by bundling public and private resources, the increasing complexity of today's public infrastructure projects can be tackled more easily. However, governing these hybrid arrangements proves to be difficult. As a consequence of several problems in managing these projects in the Netherlands, the parties involved now seek new, smart ways of governing these partnerships. The contribution discusses the potentials and difficulties of the proposed shift from the current dominant financial economic-oriented contractual approach to PPP towards a more sociologically inspired relational form of governance that better fits the complexities that characterize these projects.

In Chapter 4 De Roo and Jagtenberg discuss hybridity related to the attempts of the Dutch government to activate the role of networks of clients in the social care domain. The Dutch social care system was fundamentally reformed in 2015. A key policy aim was to activate citizens and their social networks, turning them from mere consumers into co-producers of care. The contribution describes how Family Group Conferences and Neighbourhood Teams emerged and function. In these practices, different mixes between clinical and self-governance emerge. It appears difficult to attain an optimal balance between both owing to low trust between professionals and clients' networks, a lack of resources and unawareness of the client's rights. This contribution investigates how the hybridity that evolves as a result of the introduction of this new governance arrangement impacts on the effectiveness and legitimacy of this attempt at the smart governance of the social domain.

In Chapter 5 Schaap, Colombo, Damen and Karsten discuss new forms of regional governance in metropolitan areas in four European regions that have a hybrid nature, in the sense that they have private and public characteristics. With these arrangements, municipalities in the city regions of Berlin, Eindhoven, Copenhagen, Malmö and Zürich aim to increase their regional problem-solving capacity and to govern smartly in a complex and multilevel context. The contribution

investigates how the hybrid modes of governance impact on both effectiveness and legitimacy, and to what extent and under what conditions hybridity and smartness go hand in hand.

In Chapter 6 Termeer, Toonen, Kok and Turnhout present their research on private certification systems for improving the sustainability of global production and trade chains. Traditional state-centred governance systems have failed to effectively tackle the transnational problem concerning the sustainability of these global value chains (GVCs). To fill this ‘institutional void’, industry and non-governmental organizations (NGOs) established a series of global partnerships that designed standards and certification schemes for global commodities. This contribution investigates the extent to which these new arrangements can be evaluated as smart and hybrid and the approach to managing challenges that arise in governing these arrangements.

Table 2 gives an overview of the empirical studies as presented in chapters 2-6.

The second part of the book engages with the reflections of internationally renowned scholars, who have published on complexity, governance and hybridity. In their contributions, they reflect on the chapters in the first part of the book and share ideas about the theoretical approaches of hybridity and smartness of governance and the methodological and practical implications. They highlight the strengths of the concept of smart hybridity as also its limitations and risks. In doing so, they lay out the future research agenda on the nature of new governance arrangements and the conditions under which their limitations and risks can be overcome. They thus sketch a way forward for new governance arrangements that are both hybrid and smart.

In the concluding chapter of the book we compare the five contributions on new, hybrid and smart governance arrangements from Part one, their nature and the mechanisms that underlie their functioning. We evaluate both their potentials and strengths and the problems and dilemmas public managers and other stakeholders are confronted

Table 2 Overview of the contributions in Part 1.

Contribution	Chapter 2: Boersma et al.	Chapter 3: Koppenjan et al.	Chapter 4: De Roo et al.	Chapter 5: Schaap et al.	Chapter 6: Termeer et al.
Topic	Internet platforms in crisis management	Public-private arrangements for public infrastructure projects	The management of local social care	Regional governance partnerships	Private self-governance and certification in supply chains
New governance arrangement	The use of private Internet platforms	The role of contracts and contract management	Self-governance and client networks in the social care domain	Partnerships that utilize contracts and discussion platforms	Certification system and round tables for improving the sustainability of international supply chains
International component	Practices in Nepal and the Netherlands	Inspired by UK PFI practice; Dutch case of a more general trend towards relational governance	Inspired by New Zealand Family conferences. Dutch case of a more general trend towards Big Society and co-production	Comparison of cases from four European countries	International trans-boundary practices



with in applying smart hybridity in governance arrangements. We discuss the requirements they impose on the governance capacity and skills of those intending to embrace smart hybridity as governance hybridity and the wider implications for governments and societies that try to deal with wicked problems and realize complex, high-quality public services. In doing so we reflect on several of the issues brought forward by our international colleagues. We incorporate them into our narrative on smart hybrid governance and discuss where research and practice could and should go from here.

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**PART 1    NEW HYBRID GOVERNANCE  
ARRANGEMENTS IN ACTION**





## CHAPTER 2

# PLATFORM GOVERNANCE OF SELF-ORGANIZED INITIATIVES IN RESPONSE TO DISASTERS

*Kees Boersma, Julie Ferguson, Peter Groenewegen, Femke Mulder,  
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In times of crises or disaster, the response capacity of public authorities is put under extreme pressure. In contrast, citizens are resilient in times of crises and are increasingly organizing themselves. The new possibilities offered by social media and online platforms have the potential for citizen self-organization. In practice, we see that governments struggle to deal properly with this type of self-organization, even though it offers a unique opportunity to boost responsiveness. Governments that succeed in making use of citizen initiatives can gain access to new opportunities and increase their effectiveness. This chapter addresses the following question: What role do online platforms play in the governance of self-organized citizen initiatives in response to crises and disasters? We will answer this question by considering two examples: the role played by online platforms in the aftermath of the 2015 earthquakes in Nepal and the coordination of the Dutch refugee crisis in the winter of 2015-2016.

### **2.1 Citizen Initiatives in Times of Crises and Disaster**

In times of crises or disaster, the response capacity of the government is put under extreme pressure. It is the role of the government to mitigate the effects of the disaster and to protect its citizens as effectively as possible. This is a difficult task, as the aftermath of a disaster is often chaotic and characterized by complexity and uncertainty. Media emphasize the negative effects such as panic and looting, which rarely

occur in practice. In order to make an adequate response in the aftermath of a disaster, a government will first attempt to gain control over the situation (Tierney, 2014). The response to crisis situations is therefore often characterized by a top-down approach, consisting of actions aimed at maintaining public safety and order.

It is obvious that the government should focus on the disorder that a disaster leaves in its wake, as protecting its citizens is a key government task. However, research into disasters and crises has shown that the notion of social disorder and unrest is rather one-sided. It turns out that panic and undesirable behaviour in response to a disaster are the exception rather than the rule. In fact, citizens – not government agencies – are the first to arrive at the site of the disaster or crisis to provide assistance (Helsloot & Ruitenberg, 2004). In the aftermath of disasters, citizens tend to act altruistically and assist each other spontaneously. Disasters connect those affected and often inject the community with a sense of togetherness (Solnit, 2010). After the 9/11 attacks in New York, for instance, citizens organized a large-scale evacuation over water (Kendra & Wachtendorf, 2016). In the aftermath of Australia's Queensland floods, traffic jams were surprisingly found leading into town rather than out of town. Citizens flocked to the city as one to help clear the rubble and mud (Bunce, Partridge & Davis, 2012). In the Netherlands, we have also seen citizens organize spontaneous initiatives in response to a crisis situation. The influx of refugees into the Netherlands in the winter of 2015-2016 led to significant unrest and uncertainty. The government agency responsible for housing refugees, the Central Agency for the Reception of Asylum Seekers (*Centraal Orgaan opvang Asielzoekers*, COA), in particular, did not have sufficient capacity and flexibility at its disposal to respond adequately to the incoming refugees (Smets, Younes, Dohmen, Boersma & Brouwer, 2017). Local citizen initiatives in large cities such as Amsterdam played an important role by offering small-scale accommodation to status holders in the community (Boersma, Kraiukhina, Larruina, Lehota & Nury, 2019).

Attention to civil initiatives in response to disasters is not a new phenomenon. It has been well known and documented since the 1960s that citizens are able to organize themselves in response to a disaster (Dynes, 1994). What is new, however, is the wide range of

opportunities for the application of new governance mechanisms thanks to the emergence of new communication technology, such as social media and Web 2.0 platforms like Facebook and Twitter (Meijer, 2011; Slot, Cuppen, Doorn, Galeano Galvan & Klievink, 2017). Such online platforms allow interested parties to make contact with others, share information and organize themselves. In the aftermath of a disaster or crisis, citizens use these platforms to mobilize, exchange information and connect with various initiatives (Albris, 2018). After the attacks in Paris on 13 November 2015, for instance, it took citizens only half an hour to organize an ad hoc emergency initiative by using Twitter to offer shelter with the hashtag #PorteOuverte (open door) (Ross, 2015).

The advantage of online platforms is that they are a relatively accessible way to channel citizen initiatives in response to disasters and crises. Various studies have shown that the scale of community assistance and support in the aftermath of crises is enormous but that many types of community assistance are temporary and difficult to map, which means that they are often poorly aligned (Whittaker, McLennan, & Handmer, 2015). Platform governance can be a way to attune the multitude of initiatives to the formal government response and to each other.

In recent years, a great deal of attention has been paid to forms of self-organization and co-production in public administration research. These types of governance, regardless of whether they involve online platforms or not, involve the cooperation of government agencies with relevant stakeholders, including citizen initiatives (Voorberg, Bekkers & Tummers, 2015). Ownership and involvement have an important role to play here, as do questions of legitimacy and reliability. In addition, governments have to deal with limited capacity in their attempts to respond adequately to emergencies. The need for governance and help in directing a response persists because the outcomes of citizen initiatives and co-production are uncertain. During and after a crisis, self-organization is made even more complicated because of the major role played by time pressure. Moreover, since crisis situations are unexpected, the relevant stakeholders are difficult to identify. In other words, crises and their consequences in society are a challenge for current governance struc-

tures and even for the most innovative structures that are currently being developed. This chapter examines the nature and potential of platform governance during crises and disasters: tapping into and directing the organizational capacity of decentralized (online) initiatives (Janssen & Estevez, 2013). The development of new technologies and communication facilities is partly responsible for changing the nature and structure of the relationships between stakeholders from homogeneous to diverse and from static to dynamic. New, ad hoc, flexible forms of organization have become realistic alternatives to traditional hierarchical structures in emergency aid.

## **2.2 Approach**

Governments typically struggle to incorporate Web 2.0 initiatives into existing systems of governance (Meijer, Koops, Pieterse & Tije, 2012). In face of a hectic crisis situation, governments are often fairly internally focused at first. Their first concern is to mobilize people and resources, which takes time. The extent of a particular crisis is often unknown in the initial stages, as are the measures that need to be taken to manage the threat. In addition, the consequences of many crises manifest themselves in different jurisdictions and at different levels of government. Questions such as who is responsible for what, what mandate the various stakeholders have and who has ownership over what play a key role in the first phase of a crisis.

By the time these questions are resolved, citizens will usually have already started helping themselves and others. In the case of crisis management, the challenge posed to governance does not involve control as much as learning to trust the capabilities of citizen initiatives set up spontaneously by citizens in response to a crisis (Boersma, Ferguson, Groenewegen & Wolbers, 2014). Following on from our study<sup>1</sup> on citizen initiatives and the role played by online platforms in response to crises and disasters, this chapter will address the following question: What role do online platforms play

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1 The study, conducted in Nepal and the Netherlands, is part of the NWO 'Smart Disaster Governance' project, which focuses on how emergency services cooperate with each other and with citizens during crisis situations and disasters in a Dutch and an international humanitarian context.

in the governance of self-organized citizen initiatives in response to crises and disasters? To answer this question, we first collected data pertaining to the emergence of online platforms used in international humanitarian relief efforts, focusing on the relief efforts following the earthquakes in Nepal in 2015. Second, we studied the role played by an online platform in the Netherlands in the winter of 2015-2016, when the influx of refugees resulted in a crisis situation. In both cases, we spoke to key informants, initiative organizers, government officials and volunteers (Mulder, Ferguson, Groenewegen, Boersma & Wolbers, 2016; Wolbers, Ferguson, Groenewegen, Mulder & Boersma, 2016; Schmidt, Wolbers, Ferguson & Boersma, 2017). We combined our interviews with the impressions resulting from our fieldwork and also studied the stakeholders and their networks.

### **2.3 Online Platforms**

First of all, our study in Nepal and the Netherlands confirms the notion that citizens generally play a positive role as volunteers in the response to disasters and crises. Both in Nepal and in the Netherlands, citizens showed themselves able to mobilize, set up initiatives and develop new forms of organizing. It also became apparent that government agencies struggled to connect with these spontaneous community initiatives. The government agencies responsible for disaster management are set up and organized according to a formal, bureaucratic structure, where legitimacy and accountability play a major role. By contrast, the platform-based initiatives carried out by citizens were, generally speaking, organized spontaneously, without any formal rules or clearly delineated responsibilities.

In Nepal, one platform played a particularly influential role: QuakeMap (Mulder et al., 2016). This platform drew its inspiration from one of the most appealing forms of platform governance emerging in the wake of the earthquake in Haiti in 2010. A group of Harvard computer scientists used OpenStreetMaps to develop online maps immediately after the disaster to map the affected area and the requests for assistance and aid (Mulder et al., 2016). Four days after the earthquake in Haiti, volunteers set up a free phone line (4636) that people could use to send text messages with information about the disaster. Mission 4636 then used crowdsourcing to verify and plot

this information, leading to one of the most up-to-date maps available of the disaster area (Zook, Graham, Shelton & Gorman, 2010).

This technique, known as ‘crisis mapping’, became popular around the world and was an important tool for relief workers in Nepal as well (Streep, 2015). In the days that the Nepalese government struggled with serious capacity issues and was fully occupied with organizing its own response to the crisis, volunteers in Nepal worked with Kathmandu Living Labs, a non-profit organization, to collect and share information about the disaster. This system built on initiatives such as OpenStreetMaps and Open Cities Kathmandu, which were developed with the support of the World Bank in Washington D.C. In addition to mapping geographical data, the initiators of Open Cities Kathmandu organized mapping workshops for students and youth groups. Kathmandu Living Labs proved to be a highly appealing initiative for the local, mainly highly educated volunteers who were active in the first few weeks after the earthquakes in Nepal.

The maps developed by Kathmandu Living Labs had the primary function of supporting relief efforts for those affected by the disaster in the first few days and weeks, when virtually no information was available and very little was known about the extent and nature of the damage, the number of victims and the need for emergency aid and assistance. The volunteers working with Kathmandu Living Labs then linked the local demand for aid in the affected area to the local supply of aid by mobilizing truck drivers who could transport relief supplies. The maps created by these community initiatives proved to be so valuable in the months after the disaster that the authorities ultimately also began using the information for logistical purposes, among other things. These included the Nepalese army, as well as international humanitarian organizations and the United Nations. Crisis mapping therefore supported the coordination and cooperation effort between those affected by the earthquakes and the communities who rushed in to help, proving that community initiatives allow governments to enter into new coalitions to help manage crisis situations.

The Netherlands too is witnessing a rising trend of citizen initiatives organized in the wake of disasters by means of online platforms. During our study, we saw how the Dutch Red Cross set up its own project, Ready2Help, to experiment with an online

pool of citizen volunteers who could be called on to assist in a disaster or crisis (Schmidt et al., 2017). Volunteers could register via the Ready2Help platform, allowing the Red Cross to mobilize them with a text message and use them to carry out support activities, such as reinforcing dykes or providing logistical assistance to reduce the burden placed on formal disaster management organizations. The Ready2Help platform acts as an intermediary between spontaneous volunteers and established aid organizations, thus enhancing the effectiveness of citizen initiatives and providing an important new governance mechanism to organize citizen relief efforts. The usefulness of this type of platform governance was demonstrated during the refugee crisis (Boersma et al., 2019). After some hesitation, the Central Agency for the Reception of Asylum Seekers ultimately accepted the help of the Ready2Helpers to set up new accommodations for the refugees. The Red Cross played an important role, mediating between the government and volunteering citizens. In addition, the initiative allowed the Red Cross to gain experience with new types of volunteering.

#### **2.4 New Governance Possibilities: Opportunities and Dilemmas**

Platforms are an important new tool to help organize civil relief efforts and serve as a new way to mobilize citizens. Our research mainly demonstrated that platforms give authorities the opportunity to try out and implement new organizational principles. The forms of collaboration do not take the shape of permanent (government) organizations but concern temporary arrangements, without strong hierarchical structures, combining features of network and classical organization (Chisholm, 1992; Christensen, Andreas Danielsen, Laegreid & Rykkja, 2016).

The diversity of the initiatives and their varying levels of organization offer opportunities, but also raise new questions. The literature shows that professional relief workers are by no means always open to citizen help (Barsky, Trainor, Torres, & Aguirre, 2007). On the one hand, relief workers see how citizen aid can be useful, especially if they are not capable of deploying sufficient people and resources themselves. On the other hand, they are also distrustful of civil

initiatives and often fear that citizen volunteers will endanger themselves and others (Twigg & Mosel, 2017).

The initiatives organized by online platforms derive their legitimacy from the specific, local knowledge of the people involved, but they are also faced with the question of for whose sake and on whose behalf they carry out activities and take decisions. In the wake of the earthquakes in Nepal, for instance, it became clear that neither the international aid organizations nor the spontaneous initiatives such as Kathmandu Living Labs were capable of reaching the most vulnerable victims in the remotest affected areas (Mulder & Boersma, 2017). While the Ready2Help platform managed to mobilize a large number of volunteers in a short amount of time, the Red Cross has not yet succeeded in putting the expertise of the volunteers in its pool to optimal use (Schmidt et al., 2017). We found that the Red Cross primarily used citizens for generic tasks such as setting up beds and selected for the temporary use of specific skills and expertise, such as medical expertise or language skills.

The question in which specific situations and under what conditions authorities can optimize citizen aid remains unanswered (Nohrstedt, Bynander, Parker, & 't Hart, 2018). Citizen initiatives emerge 'spontaneously' and 'ad hoc', usually in response to the idea that the government is not yet providing sufficient aid. This also means that new initiatives will arise in unexpected places. When preparing for new crisis situations, it is difficult for professional emergency services to set up new structures that will be suitable for a wide range of potential types of online or offline citizen input. A first practical step may be to invest in the ability of emergency service workers to recognize new citizen initiatives and to take a flexible, creative approach to dealing with citizen aid.

## **2.5 Conclusion**

To date, governments are still looking for new resources and measures to optimize the societal governance model. The reflex reaction to the chaos caused by a disaster or crisis is trying to gain control over the emergency service response. Both in the Netherlands and in other countries, however, government agencies have started to see that they must apply new ways of governing in response to a disaster or crisis



in order to optimize the responsiveness of spontaneous community initiatives and to increase the legitimacy of their own efforts. Citizens are becoming increasingly adept at using online platforms to organize themselves in the aftermath of disasters and crises, which offer communities the capacity to organize themselves outside of formal governmental frameworks. By virtue of the power of these spontaneous initiatives, the government is forced to take community initiatives in response to disasters seriously, especially since the crisis situation in question puts their own efforts under extreme pressure. Utilizing and activating civil initiatives during crisis situations is a challenge to governments since these activities are not compatible with their formal, hierarchical internal organization structures.

As such, developing the government's ability to engage in platform governance is a considerable challenge. In the examples mentioned earlier, we can identify a continuum of governance arrangements stretching from the development of an entirely new structure to engage citizens in self-organization to the use of a coordination platform. Platform management is a new form of governance that boosts the government's adaptive capacity by facilitating the connection with spontaneous civil initiatives. This involves, on the one hand, making use of the strengths of the initiatives that arise in society (effectiveness) and, on the other hand, retaining the responsiveness of the government (legitimacy). When coordinating relief efforts, the government should not seek to control and regulate local initiatives but to facilitate and align with them.

The cases described earlier show that governments can make use of the innovative capacity of their citizens during crisis situations and in the aftermath of such situations as well. On the one hand, recognizing and connecting with relevant civil initiatives on time can be a challenge to governments, which requires a smart approach in the wake of a disaster or crisis and forces them to enhance their adaptive capacity. Relief organizations, including those of government, will have to redesign their internal organization structure in such a way that they are able to make optimum use of Internet platforms. On the other hand, governments can provide additional direction when equality and accessibility of aid for all those affected turn out to be problematic. The platforms, and the parties that operate on them,

give governments new opportunities that revolve around their connecting role: supporting new and smart governance methods to make optimal use of community resilience.

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## CHAPTER 3

# TOWARDS NEW WAYS OF GOVERNING PUBLIC-PRIVATE PARTNERSHIPS IN PUBLIC INFRASTRUCTURE

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Public-private partnerships play a key role in the construction and management of public infrastructure all over the world, with many countries following the UK's example by using Design, Build, Finance, Maintenance and Operation (DBFMO) contracts: long-term contracts that fully outsource the various project phases to a private consortium. These smart DBFM(O) contracts strive to combine the strengths of government and the market in order to cope with increasingly large and complex public projects. In practice, however, things are more complicated, with partnerships sometimes resulting in failures and disputes. Recently, a number of public and private parties in the Netherlands have taken the initiative to develop what they called 'a new market vision', with new ideas on how public-private partnerships should be implemented and governed. According to this new vision, relational aspects of partnerships and cooperation, such as attitude, openness, trust and relationship

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management, are key. This is in line with research findings, showing that the success of DBFM(O) projects is not determined by the contract or strict contract management. Improving the governance of PPPs requires a shift from a financially and economically oriented contractual approach to a more sociologically inspired relational form of governance.

### **3.1 Introduction**

In many countries, public-private partnerships (PPPs) are used to realize major public infrastructure projects. There is nothing inherently new about the notion of public-private partnerships, and they occur in many different shapes and sizes (Walker & Smith, 1995). In the world of public infrastructure, PPP refers to specific arrangements that deviate from the traditional method of public procurement. The underlying idea is that intensive cooperation between public and private actors will allow for the realization of better, more innovative infrastructural works and services for less money (Akintoye & Beck 2003; Hodge, Greve, & Boardman, 2010). The spread of PPP in infrastructure management worldwide shows that the expectations are high: PPP is supposed to combine the strengths of public and private parties, making it a 'marriage made in heaven' (Hodge & Greve, 2005).

The UK has played a pioneering role in the development of PPP as a procurement and management method for transport infrastructure and public buildings in particular. This started with the Private Finance Initiative (PFI), which was first introduced by the Conservative government in the early 1990s and later updated and renamed to PPP and subsequently to Private Finance 2 (PF2), thus evolving into an important global standard for PPP practices. Countries such as Australia, New Zealand, Canada, South Africa, Finland, Belgium and the Netherlands have set up programmes that build on the UK's example, introducing UK-inspired contractual partnerships, governed by DBFM(O) contracts and the accompanying toolbox with instruments such as standard procedures for procurement, contract management and assessment (*e.g.* the public-private comparator and the private sector comparator). In the Netherlands, the introduction of public-private partnerships was spearheaded by the Ministry of Finance, following the example set with the PFI

in the UK. DMFM(O) contracts, that is, integrated, long-term contracts in which private parties also finance the projects, became increasingly prevalent in national projects to build roads, tunnels, waterworks and public buildings (Klijn, 2009; Koppenjan & De Jong, 2018).

Smart arrangements like PPPs, and more specifically DBFM(O), face high expectations. When government budgets are limited, private funding can ensure that the realization of numerous infrastructural ambitions remains within reach. Moreover, the innovative capabilities of industry can result in the implementation of innovative design, construction and management methods. Because private companies bear the financial risks and are better at project and risk management than the government, budget and schedule overruns become a thing of the past. Competitive tendering results in more business-like relationships, better plans and a more innovative, competitive construction sector (Ghobadian, Galleary, O'Regan, & Viney, 2004; Hodge et al., 2010). It has now become clear, however, that such partnerships do not automatically provide the intended results. There are specific mechanisms at work that can determine success and failure of DBFM(O) projects in the world of public infrastructure. In this chapter, we will attempt to come to an understanding of these mechanisms by examining theory, practical experiences and research findings.

### **3.2 DBFM(O) Contracts as a Smart Arrangement**

As indicated earlier, DBFM(O) contracts are integrated, long-term contracts. The integrated nature of these contracts facilitates risk transfer to private parties and makes them responsible for all project phases. As a result, companies are forced to form consortiums of developers, builders, financiers and operators in order to bring together the required knowledge and resources.

The consensus view is that because this private consortium finances the project itself, it has an incentive to explore innovations during the design phase that will lead to cost reductions and optimization in later phases (*see* Dutch Audit Office, 2013). This method, for instance, can encourage consortiums to design more sustainable buildings. Furthermore, consortiums can opt to invest more

at the front end of the project with the aim of reducing operational costs in the final phase. Thus, DBFM(O) contracts lead to optimized designs, efficiency gains and better value for money (realizing and operating the same project at a lower cost, or with more functionality at the same price). On the other hand, the long-term nature of the contracts gives private parties the opportunity to recoup their investment. In the Netherlands, the government typically pays private parties for infrastructure when it is made available. This creates powerful financial incentives for private parties to deliver the project on time, within budget and according to the agreed upon scope (Dutch Audit Office, 2013; Koppenjan, 2008; Osborne, 2000).

In the Netherlands, the Directorate-General for Public Works and Water Management and the Central Government Real Estate Agency are the two main users of DBFM(O) contracts.<sup>1</sup> As of 2016, 37 PPP projects had been completed throughout the country, representing a total value of EUR 37 billion and creating added value worth EUR 1.5 billion, according to the Ministry of Finance (Ministerie van Financiën, 2016). Well-known projects that were or are being realized this way include the Ministry of Finance building, the Kromhout Barracks in Utrecht, the National Military Museum in Soesterberg, the A59 Den Bosch-Oss motorway, the second Coentunnel, the A15 Maasvlakte-Vaanplein motorway, the Harnaschpolder Waste Water Treatment Plant and the new sea lock in IJmuiden. The Ministry of Finance has adopted the policy of encouraging other ministries and subnational authorities to implement this type of contract as well (Ministerie van Financiën, 2016).

### **3.3 Problems with DBFM(O)**

Although the progress reports published by the Dutch Ministry of Finance (2016) state that the implementation of DBFM(O) contracts has led to successful projects, some projects face major problems. The long duration of the projects, for instance, has turned out to have its down-

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<sup>1</sup> The Directorate-General for Public Works and Water Management generally opts against including operations (the 'O') in its DBFM contracts, preferring instead to act as the operating agency itself. The Central Government Real Estate Agency does typically include an operations component in its contracts.



sides. Within existing agreements and contracts, there are simply not enough opportunities to respond to rapid technological developments and infrastructural innovations, such as the use of information technology and big data. Furthermore, technical and financial setbacks led to conflicts between the government and industry partners, as was the case for the second Coentunnel, the A15 Maasvlakte-Vaanplein motorway and, more recently, the IJmuiden sea lock (Ministerie van Financiën, 2016). Hitches and complications put various companies on the brink of financial ruin, while the government remained convinced that these financial problems had to be resolved by the market itself. It believed that consortiums, faced with low demand in the wake of the financial crisis, had proposed lowball budgets for opportunistic reasons and, accordingly, ran into trouble during the project. The consortiums, on the other hand, believed it was unjust that they alone had to pay for these unexpected financial setbacks and felt that it was up to the government to help. Ultimately, this resulted in further deterioration of relationships, stagnations and cost overruns (Rijkswaterstaat, 2016a).

These examples are enough to show that the typical properties of DBFM(O) contracts and the risk distribution, performance criteria, monitoring regime and payment mechanism specified in these contracts alone will not necessarily lead to the expected benefits of PPPs (value for money and innovation). These practical experiences are confirmed by a survey study (conducted in mid-2014) among public and private managers of all PPP projects known at the time. In this study, no positive correlation was found between contract properties, such as the duration of the contract and penalty clauses, and the outcomes of PPP projects. Penalty clauses, it turned out, even had a negative effect (Klijn & Koppenjan, 2016). No relationship between contract properties and innovation was found either, although a clear link was established between trust and management, on the one hand, and outcomes, on the other (Warsen, Nederhand, Klijn, Grotenbreg, & Koppenjan, 2018). Generally speaking, PPP-projects with more inter-party trust and better, more active relationship management between public and private parties, perform better than projects in which these are lacking (*see* Warsen et al., 2018). These findings are in line with results from other studies in both

the Netherlands and other countries (Alam, Kahir, & Chaudhri, 2014; DeClerck, 2015; Kort, Verweij, & Klijn, 2016; Panda, 2016; Smyth & Eddins, 2007; Steijn, Klijn, & Edelenbos, 2011).

In response to these conflicts in PPP projects, public and private parties in the Dutch construction industry met in 2016, taking the joint initiative of rethinking the nature of partnerships in the realization and management of public infrastructure in what they called the new market vision (Rijkswaterstaat, 2016a; 2016b). The market vision strives to effect a shift from a predominantly contractual approach of PPP to a more social, relational one, constituting an attempt to make partnership governance smarter.

By embracing the market vision, public and private parties indicate that they experience the limitations of the contractual, financial and economic focus on PPP as a major problem. In their quest to find a new way of working together, they emphasize the importance of good relationships, openness, transparency and trust. By paying more attention to the relational component of partnerships, they strive to improve risk distribution, ensuring that partners are aware of each other's risks and support each other in managing them. Fair pricing, with realistic margins for businesses, is another key aim to ensure that opportunistic proposals disappear. Its realization, however, requires that both public and private parties change their attitudes (Rijkswaterstaat, 2016a).

Recent events in the UK demonstrate that this development is not an exclusively Dutch phenomenon. As the country from which DBFM(O) contracts were originally imported, the UK is a few steps ahead when it comes to the development of these contracts. In 2010, for instance, HM Treasury acknowledged that the added value of many of the hundreds of active PPP projects in the UK was being jeopardized by the worsening quality of relationships and partnerships throughout the multi-year maintenance and operation phases included in the contracts. In an attempt to counter this threat, it introduced a new approach, which saw the Private Finance Initiative renamed as Private Finance 2 (PF2). Recently, all parties involved in DBFM(O) projects were invited to sign a code of conduct, as a moral appeal to realize value for money in their respective partnerships (HM Treasury, 2012; 2013; *see also* Weihe, 2008).

### **3.4 Shift in Governance Mechanisms: From Contractual to Relational Governance**

The new market vision sees public and private parties in the public infrastructure sector looking for new partnership and governance principles with a relational basis rather than an economic one. DBFM(O) contracts are based primarily on the principles of the institutional economy (Lowndes & Roberts, 2013; Williamson, 1979), which presupposes rational actors that engage in calculating behaviour. These actors use a 'logic of consequences': They choose the most advantageous behaviours for themselves based on their interests and any (external) incentives. Contractual agreements, payment mechanisms and penalties serve to create the right incentive structure to ensure that private parties contribute to public projects and services. This line of reasoning results in detailed contracts that try to cover all possible risks up front. A relational approach, on the other hand, is based on a more sociologically inspired logic, in which actors are led not only by their interests and incentives but by standards and values as well. They choose their behaviour on the basis of a 'logic of appropriateness', of what they believe to be right and fitting, and this means that they are also sensitive to other governance methods. Apart from external incentives, they are guided by an intrinsic motivation. The role of the group they belong to and the team they work in also matter, as does trust. Detailed contracts and strict contract management do not match these types of relationships. Contracts will be more generic by nature, allowing for flexibility. Relational governance, then, focuses on promoting interaction; information sharing, sharing insights and expectations; and strengthening a shared identity and mutual trust (Macneil & Campbell, 2001; Smyth & Edkins, 2007). In short, the market vision proposes a completely different way of collaborating and governing than the economically oriented governance model that underlies DBFM(O) contracts presupposes. Naturally, these mechanisms are ideal types that occur in a mixed form in reality. The Directorate-General for Public Works and Water Management, for instance, has indicated that the new market vision for DBDM(O) projects does not mean that competition or the use of standard contracts will be abandoned. However, changes will be made to how risk is distributed, and partners will strive

for improved cooperation and transparent communication, while seeking to avoid opportunistic behaviour (Rijkswaterstaat, 2016b).

As current PPP projects are still primarily based on detailed, almost complete contracts, the question remains whether (and which) combinations of relational and contractual approaches are possible.

### **3.5 Three Distinct Governance Pathways to Excellent PPP Performance**

To study how contractual and relational governance mesh, the authors of this chapter compared 25 PPP projects in the Netherlands and Flanders. On the basis of interviews with 74 public and private professionals involved in these projects, we used a Qualitative Comparative Analysis (QCA) to determine which combinations of hard, contractual conditions and soft, relational conditions were present in excellent PPP projects (see Warsen Klijn, & Koppenjan, 2019 for the detailed results).<sup>2</sup> Prior studies into inter-organization collaboration have also suggested that contractual and relational conditions are complementary and that a combination can therefore lead to good collaboration (Poppo & Zenger, 2002). In practice, a combination of both conditions also seems the most likely to occur. Despite the fact that the market vision opts for a more relational approach, contracts will remain part of public-private partnerships. Some of the conditions included in the study therefore represent the contract and how it will be implemented: risk allocation and strict contract management. Risk allocation determines which responsibilities are transferred from the public to the private partner and therefore has a significant influence on the project. Strict contract management refers to how the contract is enforced in practice, primarily focusing on fines and penalties for inadequate performance. Trust and conflict management are two conditions with a more relational nature. Many studies label trust as a critical success

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2 QCA is a method that allows for the systematic analyses of a larger number of cases than a regular qualitative comparative case study. It studies the combined effect of conditions (rather than testing individual variables) in an attempt to do justice to the complexity of potential causal relationships. A QCA assumes the principle of equifinality, which means that there are various, non-mutually exclusive paths that can lead to the same outcome.

factor: it can prevent opportunistic behaviour and encourage parties to share information and invest in the project. Conflict management is about the way in which disputes and differences of opinion are resolved. This condition is a process, which goes beyond the traditional 'escalation ladder' included in standard contracts.

Three combinations of conditions appeared to be related to excellent performance (see Table 1). In this context, excellence means that the projects were realized on time and within the set budget, and that they represented value for money, which are the usual criteria for determining the success of (PPP) projects. It must be noted that there are various ways of interpreting value for money. From a financial-economic point of view, value equates to efficiency: achieving the same results at a lower cost or more functionality for the same price. However, value for money can also be understood from a broader perspective, encompassing aspects such as innovation, learning experiences and improved relationships. These factors can be more difficult to determine, and so we opted for a more qualitative approach to assessing outcomes and performance: the extent to which the interviewed stakeholders were satisfied with the project outcomes, in broader terms than time and money alone.

First and foremost, we found that the combination of inter-partner trust (a soft condition) and good risk allocation prior to the project (a hard condition) led to adequately to very highly performing PPP projects. A risk distribution in which not all risks are assumed by the private partner forms a good basis for cooperation, because the partners share the project risks together. Trust will then help the partners navigate unexpected circumstances during the course of the project. A second successful combination of conditions was found to consist of good risk allocation, strict contract management (two hard conditions) and good conflict management (a soft condition). This combination emphasizes the value of making good, clear agreements about how risks are allocated and how disputes are dealt with, as well as the importance of enforcing these agreements. When this combination of conditions is present, trust is not a necessary condition for good performance. The third combination of conditions found in successful PPP projects is composed of exclusively relational components. In this case, the 'soft' relational conditions of trust

and conflict management are combined with the absence of strict contract management, which, when taken together, are sufficient conditions for successful cooperation. This combination emphasizes the importance of social relationships between public and private partners in PPP projects. What is remarkable is that the absence of strict contract management is linked to successful PPP performance, as it is an important part of this configuration. It gives both partners the opportunity to come up with solutions to problems that would not have been possible with strict contract management, thus providing flexibility.

Table 1      Combinations of conditions for excellent performance

	<b>‘Hard’ contract conditions</b>		<b>‘Soft’ relational conditions</b>	
	<b>Strict contract management</b>	<b>Risk allocation</b>	<b>Conflict management</b>	<b>Trust</b>
Combination 1		✓		✓
Combination 2	✓	✓	✓	
Combination 3	✗		✓	✓

Although discussions about PPP governance are often centred on either the importance of a good contract and strict contract management or governance based on soft aspects, our analysis of 25 Flemish and Dutch projects shows that there are multiple successful combinations of contractual and relational governance conditions. It is interesting to note that a successful combination was found consisting entirely of soft, relational conditions but that no such combination was found made up exclusively of hard, contractual conditions. Contractual conditions lead to excellent performance only when they are combined with soft, more relational conditions (Warsen et al., 2019).

### 3.6 Conclusion

We have made clear progress in the quest for better, smart governance arrangements for PPPs in recent years. Practical experience and research have taught us that focusing on hard factors, such as

strict contract management and risk allocation, is not the best way to manage PPP projects. PPP projects are complex and take place amid ever-changing surroundings, and therefore trust and flexibility are crucial when it comes to achieving success. The importance of the shift from contractual to relational governance mechanisms is supported in academia and in practice and is expressed by the new market vision embraced by the government and market parties in the Netherlands, as well as by the acceptance of the PF2 policy the UK. We cannot be sure, though, whether this will lead to changes in practice, with better PPP projects as a result. Currently, the market vision is not much more than a declaration of intent: It describes desirable behaviour but offers few specific suggestions as to how governance based on good relationships and trust can be implemented. Research findings, literature on partnership governance and discussions in practice suggest that a shift to relational PPP governance could be kick-started by having partners draw up process agreements about how they will deal with differences in interpretation, changing circumstances, disputes and roles. In addition, platforms will have to be created for public and private parties to engage in continuous dialogue and form unified teams (Klijn & Koppenjan, 2016; Warsen et al., 2019). In addition to content, management should also focus on building good relationships, trust, bringing together the right personalities, forming a common identity and ensuring continuity. It is also clear that such relational governance methods make specific demands with regard to the skills and personalities of managers on both the public and private side. Little is currently known about the organizational conditions that will allow these governance methods to flourish. So here is a knowledge gap waiting for future research. At the same time, it is evident that relational governance will not be able to completely replace contracts and contract management. Although we found a pathway with only soft conditions, in most instances relational governance will not compensate entirely for the shortcomings of 'hard' conditions such as poor contracts, insufficient budgets, a lack of public and private support and impossible assignments. In essence, governance of PPPs faces the challenge of hybridity, not only in combining the public and private but also in balancing hard and soft contract and governance conditions.

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## CHAPTER 4

# LOCAL GOVERNMENT AND COMMUNITY ENGAGEMENT: HYBRID GOVERNANCE IN THE SOCIAL CARE DOMAIN

*Annie de Roo and Rob Jagtenberg*

In most Western countries, the demand for publicly funded professional care is growing, while public resources decline. Engaging citizens' networks to substitute professional care is perceived as a possible solution, inter alia in the Netherlands, where a fundamental reform of the social domain was launched in 2015. The assumptions underlying this reform, and the policy instruments positioned thereto, are compared with outcomes obtained through a multi-annual survey of citizens in need of care, and of care professionals, in a large urban area (Rotterdam).

Various forms of hybrid governance have developed, with either care professionals (clinical governance) or clients' social networks (self-governance) assuming a preponderant role.

For these hybrid governance arrangements there is scope to be qualified as 'smart', provided further steps are taken to optimize strengths and minimize weaknesses in each governance mode. First, self-governance and clinical governance outcomes will need ongoing monitoring, so as to fine-tune their effectiveness in relation to social problem characteristics and network characteristics. Second, the legitimacy of professional intervention needs to be enhanced by raising both clients' and professionals' awareness of network plan-making rights. This regulatory aspect underlying the 2015 Dutch social care reform provides, at the same time, a basis for

an enlargement of resources needed to test the full potential of network engagement in the social care domain.

## **4.1 Introduction: Governance Contexts in the Social Domain**

### *4.1.1 Traditional Governance in the Social Care Domain*

The research discussed in this chapter is on governance in the social care domain in the Netherlands. ‘Social care’ encompasses interventions by highly diverse professionals in a wide range of problem areas, ranging from debts, domestic violence, neglect of children and housing problems to mental health and ageing issues. There is some overlap with the medical sector, but the social care domain is considerably wider.

In the Netherlands, as elsewhere, a host of social support schemes has been introduced in the late twentieth century, resulting in a rapid growth in the number and range of care professionals, like social workers, behavioural therapists, and debt managers.

The services of these increasingly specialized and privately organized care professionals became publicly funded through schemes at national or provincial levels mostly. Professionals would decide about a client’s entitlement to subsidized care, whereby each entitlement tended to be geared to a singular problem of an individual child or individual adult. Occasionally, this amounted to various specialists operating without (any) coordination in one family. In the client-professional relationship, *clinical* governance prevailed (‘doctor knows best’), while *bureaucratic* mechanisms defined the granting of subsidies based on professionally endorsed entitlements.

Around the year 2000, however, dissatisfaction with the care system became manifest. Care professionals had become focused on individuals as mere objects of professional intervention, at a time when rights of citizens in need of care became firmly anchored internationally in the human rights discourse. This included the right of families and of children to have a voice in any professional intervention (Yishai, 2012). A *legitimacy* problem thus arose.

Moreover, the social domain had become compartmentalized and supply-driven. People in need of care had become passive consumers of publicly funded services (De Boer & Van der Lans, 2011). This gave

rise to doubts about *efficient and effective* government spending. The legitimacy and efficacy arguments converged in pleas for active involvement of social networks in the care domain. Similar criticism resonated in other countries. The UK, with David Cameron's 'Big Society' project, constitutes a good example, the device being "society is not a spectator sport" (Civil Exchange, 2015)

#### **4.2 A Challenge to Traditional Governance in the Social Domain: Self-Governance through Family Group Conferences**

Social care thus presents itself as a wicked problem, if only because of the lack of consensus about the extent to which professional knowledge is required in the first place and for what kind of problems. Then there is (1) the controversy about the value to be accorded to the provision of care by publicly funded professionals, (2) the right for citizens in need of care to be involved together with one's family network in the decision-making about care, and (3) the duty for care professionals *and* citizens to organize family support so as to contribute to the restoration of social cohesion and civil society and/or alleviation of the national budget.

Some of these reasons inspired critical care professionals in the Netherlands to launch a private organization in the year 2000 to host Family Group Conferences (FGCs) from the idealistic motive of placing the life-world of families back at the centre (Clarijs, 2012).

An FGC is essentially a decision-making process, where persons in need of support and members of their network come together to discuss main concerns and make a plan to address these. For FGCs, preparation is of fundamental importance. A coordinator, who is independent of the public authorities, and who 'speaks the language' of the family, helps the family to prepare for the meeting, by locating family members or others in the community who may be of assistance. This can be time-consuming, when relationships are complicated or problems were concealed from the outside world.

During the conference itself, any professionals involved leave, and the family is left alone to discuss their concerns among themselves and devise a plan. This stage of 'private family time' when the family

itself must be creative constitutes the heart of the FGC. For example, where a single parent fails in the upbringing of a child, an uncle and aunt may take over and provide a temporary home for the child. Or a houseowner attending the conference may forgo eviction for arrears of rent if a friend offers a job opportunity that will be instrumental in the dweller paying off his debts.

The 'private family time' stage is particularly conducive to the social network tapping into its resources and identifying shared priorities.

#### *4.2.1 International Antecedents of FGCs and the Dutch Variety*

The FGC concept was first developed in New Zealand to meet a demand from the indigenous Maori community that the government should create opportunities for the community itself to arrange for kinship care rather than placing children in the state care system. In 1989, the FGC became a statutory right in New Zealand (Levine, 2000).

The concept spread over many countries, including the United States and the UK, where FGCs are deployed mainly in the child protection domain, and where authorities such as court-appointed guardians play a supervisory role. A family network may then be instrumental in reducing 'outside interference', thus catering to social network empowerment.

In the Netherlands, FGCs are available in all social domains, including subsidized care that citizens voluntarily apply for: youngsters, the lonely and the elderly, people with disabilities, those in debt and spouses entangled in a bitter divorce and custody battle.

Where network support by volunteers substitutes applied-for, state-funded care, FGCs become a potentially attractive tool for public administrators. However, organizing FGCs also entails costs, notably for the preparation time invested by the coordinator. The critical professionals confessing to the FGC approach set up a private non-profit organization, the *Eigen Kracht Centrale*, providing such trained coordinators, charging a standard fee for their services. As from 2000 onwards several provinces (since 1 January 2015: municipalities) began to subsidize set numbers of such FGCs (Netherlands Youth Institute, 2010).

### 4.3 The 2015 Transformation: Network Engagement at the Centre

FGCs can be said to embody network self-governance as an antidote against the *legitimacy* deficit of traditional clinical governance in the social care system. However, it was the *efficiency* drawbacks of the traditional system (supply-driven care and passive care consumers) that triggered a governmental reform policy, which culminated in a complete restructuring of the social care system per 1 January 2015.

The reform entailed a localization of public responsibilities to the level of municipal government. Municipalities were expected to work ‘close-to-the-client’, detecting problems at an early stage. Proactive measures would *prevent* problems from escalating and likely generate savings on public funding (Dijkhoff, 2014).

This objective of the Dutch social care reform can be summarized in two sentences: “Whenever possible, social care and support should be provided by citizens’ own social network. This will enhance citizens’ autonomy and sense of social responsibility; simultaneously, public spending can thus be reduced.”

The total budget available to municipalities for the tasks conferred on them was much smaller than the sum at the disposal of central and provincial levels before. Community engagement as a means to replace publicly funded care had to materialize swiftly in view of the limited resources.

At this point, regulation was considered a key steering instrument: network engagement became statutorily anchored. The Dutch reform legislation replaced the traditional system of professionally endorsed entitlements by a mere ‘general duty’ for municipalities to provide support, whereby it was left to the local authorities to organize the provision of care as they saw fit. Most municipalities introduced local Neighbourhood Teams (NTs) as the key vehicle, staffed by a selection of care professionals tailored to meet local needs (Winter, 2015). Most importantly, the new legislation prioritizes self-reliance of citizens when they apply to these NTs for municipal support.

#### 4.3.1 *Envisaged Hybrid Governance: The Neighbourhood Teams*

The institutional status of NTs may vary between municipalities. In Rotterdam (where the research was conducted), the forty-four NTs operate on the basis of a contract awarded by the municipality to certain private care providers on a successful bid following a public tender procedure. The NTs are co-staffed by municipal civil servants, and in that sense their composition is hybrid by their very nature.

NT professionals are supposed to operate in an ‘outreaching’ manner, discussing a client’s needs at the client’s ‘kitchen table’ with the client himself and possibly his family members, as they will likely be involved too. Such a role requires the NT professional to become a generalist, practicing a whole-family approach and involving clients’ networks. From the professional’s perspective, combining clinical judgement with an open, collaborative mindset, means that network self-governance is to be granted a complementary role (Barnhoorn et al., 2013). Thus here, governance is expected to assume a *hybrid* character (Johanson & Vakkuri, 2017).

#### 4.4 **How the New Governance Arrangements Evolved in Practice**

The research project, ‘Hybrid Local Governance in Multiple Social Domains’, which was co-funded by the Dutch Research Council (NWO) and the municipality of Rotterdam, aimed to ascertain whether these high expectations about network support and ‘enabling’ professionals have been met thus far.

In order to identify factors co-determinant for an effective appeal to client autonomy and sustainable network support, data were collected at the micro level, among citizens in need of care and among professionals. Towards this end, over 100 respondents were interviewed twice, divided almost equally over network members attending FGCs (55 conference dossiers) and clients of NTs or their relatives (60 NT dossiers). In addition, some 35 professionals, mostly care workers from the NTs, were interviewed, as well as several independent FGC coordinators.

An important finding is that in the majority of cases in *both* groups, that is, NT clients *and* FGC participants, network members *and* care professionals offered support. This is not surprising: many problems require continued professional assistance, while,



conversely, professional support is simply not available 24/7. For one thing, this means that in the FGC approach, *self*-governance in theory often comes down to *hybrid* governance in practice (where in the NT's clinical governance was changed into hybrid governance). But unlike in the NT's, in the FGC model professionals will often be perceived to play a complementary role. In the FGC philosophy it is the network that directs the process of identifying solutions. With reference to Arnstein's 'participation ladder', FGCs thus go beyond the mere *consultation* of networks (Clarijs, 2012).

A comparison of both groups, NT and FGC, is of particular interest in gaining a better insight into the relative weight of professional authority and *habitus* when it comes to engaging networks. After all, the legislation that underlies the 2015 transformation incentivizes NT professionals to investigate the prospects of network support first. It is provided that NTs, in their assessment of applications for support, should support only those citizens who have shown an inability to help themselves.

There is thus a near-duty to engage networks imposed on professionals, as well as on citizens. The NT professionals interviewed for this project, however, often report they lack the resources (especially time) to thoroughly map out, contact and 'prepare' network members. Social networks cannot be activated by simply ticking a box. It appears that administrative burdens now determine daily life in the teams, with professionals spending a large part of their time filling out forms to account for their activities. It is therefore not surprising that in the group of NT clients surveyed, not one single case has surfaced where a professional convened a meeting with network members to discuss the allocation of tasks and responsibilities. A contributory factor here may well be that professionals would naturally take the lead in such meetings, as they are professionally trained to do. Nevertheless, in many NT cases, network members already supported, *of their own volition*, the person in need of care. Without their support many professionals might be greatly inconvenienced.

NT professionals also indicated their personal criteria for involving, or rather *not* involving, social networks. Interestingly, a majority of professionals do not want to involve networks in cases where several serious problems have surfaced simultaneously. In the FGC

group, however, where, by definition, networks were mobilized, the sheer number of simultaneous, serious problems significantly exceeded the number of problems in the NT group. This outcome is all the more intriguing, as even in the face of such complexities, the longer-term effect of FGC network support appeared fairly positive, in the sense that the sheer number and the seriousness of problems experienced had been reduced.

This outcome suggests that professionals may be prejudiced when it comes to involving networks. Does clinical governance still dominate over the collaborative approach, envisaged for NTs?

In the FGC group, two largely shared views draw attention. On the one hand, there is much appreciation for the coordinator, whose lengthy preparations were found instrumental to successful network engagement. But, on the other hand, many respondents were disappointed that there was no follow-up to such conferences; many felt 'left to themselves' afterwards. So even active citizens remain uncertain, desiring back-up support or reassurance, for example, from the coordinator.

The FGC agency recognizes these reactions and has come to stress the importance of 'connectivity' between social networks and professional care, with FGCs performing an important role to bridge the distance between the two.

To conclude on the micro level survey, in the majority of dossiers analysed, network support has endured and resulted in a reduction of problems (volume and/or seriousness), ranging from modest to considerable, and in an increase in perceived self-help ability.

This outcome should be treated with care, however, owing to possible selection bias. In the FGC group, persons apparently had already decided to make an effort to organize network support, whereas in the NT group, respondents were selected by professionals who may have left out particularly troubled, aggressive families as 'hopeless' cases.

#### **4.5 Consequences: Hybrid, but also 'Smart' Hybrid Governance?**

Both within the FGC group and within the NT group, hybrid modes of governance have thus materialized, combining *clinical* governance with *self*-governance, albeit in different proportions. This is the situation

today at the micro level of client social networks and care professionals.

To be sure, *hierarchy* and *market* mechanisms are also at work, at the higher intermediate level of municipal governments executing public procurement procedures to select a) specialized care providers (market) that NTs may refer to and b) municipalities imposing detailed regulation and budgetary constraints on NTs and FGCs (hierarchy).

But can this present constellation of governance arrangements also be termed ‘smart’?

Smart hybrid governance materializes where different modes of governance are combined in an intelligent way, by reinforcing the strength and mitigating the weakness of each governance mode, preferably without costly reforms (see Chapter 1).

#### 4.5.1 Effectiveness

As to the subject area under review in this chapter, intelligent combinations should first and foremost be *effective* (see also Torfing, Peters, Pierre, & Sørensen, 2012). Significantly, policy statements underlying the 2015 ‘transformation’ did not differentiate on the basis of the nature of problems or the size and composition of citizens’ social networks. The assumption is that networks are always available and can always be activated in any kind of problem situation.

The project outcomes, however, demonstrate that the nature of problems *does* matter.

Whether or not a combination of approaches is effective depends largely on the nature of problems at stake. Three different scenarios were distilled from the analysed cases, which embody a gradual shift from self-governance (i.e. enduring network support) being more dominant to clinical governance (i.e. professional control and oversight) being more dominant. These scenarios have been identified as ‘substitution’, because the network replaced professional care; ‘division of labour’, because the network took up some tasks, leaving other tasks to the professionals; and ‘monitoring’, because network members took on the task of serving as an extra pair of eyes for the professional (who cannot be around 24/7), to increase the efficacy of professional support. Basically, ‘substitution’ is found mostly in

regard to care for children; 'division of labour' takes place mostly where mental and disability problems are left for the professionals, whereas the network takes on domestic responsibilities; 'monitoring' often materializes in view of parenting skills and minor mental problems.

There are also problem areas where network support seems to be of no avail, notably when financial problems abound. In this respect it may be significant that networks are reported to consist mainly of persons in the 'inner circle' of the nuclear family or close friends, whereas exactly 'outer circles' (colleagues at work, hobby clubs, churches) may provide the contacts necessary to find a way out of debts.

In conclusion, the findings suggest there may be more opportunities to rely on clients' networks than many professionals might be inclined to think.

However, there are two challenges on the way towards optimal combination of network and professional support.

First, there is a resource problem plaguing the NT professionals. The record of FGC coordinators suggests one must be prepared to invest time to get networks moving. This is confirmed in the literature. It appears that NTs generally have difficulty in meeting the target of actively engaging networks (Kruiter, Bredewold, & Ham, 2016). On average, an NT professional has 2 to 3 hours, as part of intake conversations with new clients, to develop a picture of their network. By contrast, an independent FGC coordinator takes *twenty-five hours* on average to not only meet members of the network but also actively enlarge the network, with 'snowballing' techniques, as part of the important preparatory stage that precedes a conference. In a number of cases analysed, such a thorough preparation seemed to have paid off, resulting in efficiency gains (a *strength* of the FGC approach). A tentative conclusion is that one needs to invest first, before gains can be realized.

The FGC findings suggest there is a need for follow-up and further reassurance to capitalize on the potential network support assembled.

In any event, making more time available to NT professionals to work with clients appears desirable, *inter alia*, in light of the statutory obligations. Additional time may be secured by reducing the administrative burdens, for example, by combining data systems; experiments abroad have yielded interesting results. More importantly, time may be saved by involving the FGC know-how in NT-practice, particularly in complicated cases, and at an early stage. Such arrangements could be characterized as ‘smart’.

Just the same, additional resources may be needed to gain experience with such an alignment of approaches. What is more, it may be validly argued that central government is under an *obligation* to provide such additional resources for this particular purpose, as the involvement of social networks has been entrenched in national legislation. A statutory right for citizens in need of care to devise a plan together with their own network was only introduced as per 1 January 2015 (*see infra*, at legitimacy). This particular right is moreover – and paradoxically – tied with the implied duty for municipal NTs to seek network engagement first. As any other new public responsibility, this one too must be enabled by appropriate resources.

The second challenge is to purposively select and invest in cases where there is a reasonable prospect of engaging networks successfully. In the present research project, a first step has been made to identify co-determinative factors (and estimate their contribution), including the nature and duration of problems, the role of personal background variables and the characteristics of social networks. Continuous monitoring of such factors will be helpful, and this can be accomplished ‘smartly’, through minor adaptations in current municipal registration systems. The more evidence-based and fine-tuned network involvement can become, the less time will be wasted and fewer opportunities missed where networks might be helpful, despite professional hunches to the contrary.

#### 4.5.2 *Legitimacy: The Multiple Faces of Regulation*

Regulation has appeared as a key steering instrument to incentivize network engagement, notably through new legislation underpinning the major 2015 reforms. Municipalities should provide support only

when citizens and their networks are unable to help themselves or one other.

The 2015 reform bills canvassing citizens' self-help *duties*, have led members of parliament to insert an amendment, granting citizens in need of care the *right* to devise a support plan together with their own network. Professionals should take such a plan essentially as the basis for their further interventions and support.

It has appeared from the interviews conducted in the project, that this statutory right is hardly known, even among professionals. A handful of lawyers are aware and have assisted clients with invoking this right against professionals in a supervisory role, such as child protection boards or family guardians.

The 'rights' dimension of family engagement is crucial to the *legitimacy* of (municipal) government action in the social domain. Could this right thwart the selection of clients on the basis of expected effectiveness by care professionals? Could a client and her network exact publicly funded professional support from municipalities, by invoking their own (right to make a) plan calling for all sorts of external support?

The selection of clients 'with a promise of network support', as discussed supra (under the heading of *effectiveness*), can be at odds with network engagement as a *right* accruing to citizens. For example, if a parent with an intellectual disability and financial problems insists that he solves the problematic raising of his child together with his near relatives, can the professional then continue to insist that professional guidance is to be preferred here? Or conversely, when a client has administrative problems but an extensive and well-educated family living nearby who might assist him, can the client then continue to insist on state-funded assistance with his paperwork? Here, an inherent tension becomes manifest between requirements of effectiveness and legitimacy.

At any rate, lack of trust in the motives of citizens 'practicing' self-governance is a recognized problem wherever top-down and bottom-up steering instruments and control mechanisms are combined, as in the hybrid governance varieties that have emerged in the Dutch social domain.

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## CHAPTER 5

# SHEDDING LIGHT ON HYBRID CITY-REGION GOVERNANCE: EFFECTIVENESS AND LEGITIMACY IN FOUR METROPOLITAN AREAS

*Linze Schaap, Carlo Colombo, Maaike Damen and Niels Karsten*

This chapter contains an analysis of the effectiveness and legitimacy of modes of governance in four European city regions that show clear characteristics of hybrid governance in the sense that they combine both private and public features. This approach is used by the cities of Berlin, Eindhoven, Copenhagen-Malmö and Zürich to enhance the problem-solving ability of their regional governance and to apply new smart governance arrangements in a complex and multilayered environment. Each of the four cities has its own way of searching for effective links with public, private and social partners, but the issue of legitimacy remains underexposed. Risks with regard to effectiveness and legitimacy are inherent in hybrid forms of governance, but they may equally offer new opportunities for good governance.

### **5.1 Introduction**

There is an increasing tendency to see city regions as focal points for social and technological innovation in response to economic, social and ecological challenges (OECD, 2011). At the same time, urban regional governance gives rise to its own and unique governance challenges, because regional governance typically involves a variety of public, private and societal actors, each of which is organized on a different territorial basis. Metropolitan areas may be functionally cohesive in terms of labour, mobility, economy and safety,

but administrative borders often do not correspond exactly to them, not least because each social issue has its own scale (Dahl & Tufte, 1973; Skelcher, Sullivan & Jeffares, 2013). Even when the borders of a certain functional area are clear, they do not always mean the same for private parties – who also have an important role to play – as for governing actors. The ability to respond effectively to societal challenges in a regional context therefore requires innovative forms of organization and cooperation that incorporate administrative units, social partners, businesses and – on occasion – citizens, in addition to any existing arrangements. These so-called ‘hybrid forms of governance’ combine the underlying principles of both private and public governance in their modes of steering urban regional policies (Engel, 2001). In urban regions, in particular, the traditional legal, administrative and organizational boundaries between what is public and what is private are being put under increasing pressure (Levelt & Metze, 2014).

In this chapter, we will assess several forms of hybrid urban regional governance from the perspective of two key criteria of good governance: effectiveness and legitimacy (Dahl & Tufte, 1973; Hendriks, 2010; Van den Dool, Hendriks, Gianoli, & Schaap, 2015). More specifically, these criteria pertain to the ability to develop strategic policies that coordinate the actions of the various partners and the support enjoyed by the organization in this role from both partners and external actors, respectively.

## **5.2 Evaluating Hybrid Urban Regional Governance**

Hybrid forms of governance face high expectations. They are supposed to outperform traditional forms of governance in terms of problem-solving (Harrison & Hoyler, 2014) and to be more proficient at finding solutions for contemporary, complex, multilevel social issues. All in all, hybrid governance is expected to provide the necessary governance capacities to manage complex city regions and their respective societal challenges.

However, hybrid governance might equally be less effective in tackling long-term urban regional issues than expected. Because urban regional governance involves a wide range of different actors with their own logics and identities, conflicts may arise that can hamper the effectiveness of hybrid governance models (Lemos &

Agrawal, 2006). Hybrid urban regional governance can also adversely affect the quality of subnational democracy. It is true that involving private actors and implementing cooperative models can be a meaningful addition to traditional representative democracy, but hybrid forms of governance often lack direct democratic legitimacy (Engel, 2001; Skelcher et al., 2013).

In the following section, we will evaluate four cases of hybrid urban regional governance from the perspectives of these two criteria. These cases have been selected from countries that share similar state traditions (Rhineland and Nordic), whose predominant features are that they have strong subnational governance institutions and are characterized by public-private cooperation, corporatism and consensus politics (Loughlin, Hendriks, & Lidström, 2011). This case-selection strategy aims to reduce the context sensitivity of our study. Within a broader set of potential cases, we selected cases that portray variety in terms of the degree and forms of hybridity. Based on a literature review, cases were selected from Berlin, Eindhoven, Copenhagen-Malmö and Zürich. The material that we used for our analysis includes academic literature, policy documents, interviews and 'lab' meetings with researchers and strategic policy-makers from the four cities.

### **5.3 Four Cases of Hybrid Urban Regional Governance**

#### *5.3.1 Quartiersmanagement in the City-State of Berlin: A Multitude of Multilevel and Public-Private Relations*

The first case is Berlin's urban regional system of neighbourhood management, which is part of the *Soziale Stadt* Federal/Länder programme (Bundesministerium für Verkehr, Bau und Stadtentwicklung [BMVBS], 2008) and is focused on countering socio-spatial segregation. The programme supports local activities through subsidies and strives to actively involve citizens in project management. This governance model can be considered mainly hybrid because private parties are not just hired by the Bundesland Berlin to organize citizen participation but are also expected to help develop and implement local policy in cooperation with residents.

### 5.3.2 *Brainport Eindhoven: A Triple-Helix Cooperation*

Brainport Eindhoven is a typical example of a triple-helix structure, which features the business community, knowledge institutions and public authorities in the region cooperating as equal partners to further the regional innovation agenda, making it a characteristically hybrid mode of governance. The equal footing of the partners is expressed primarily in the Brainport Foundation, in which all parties are represented and that ultimately makes decisions about the regional development strategy (Schaap & Van Ostaaijen, 2015). Brainport Development, the private development company set up by the three partners, is a separate entity, which executes regional policies and whose major shareholders are the local municipalities.

### 5.3.3 *Greater Copenhagen and Skåne Committee (GCSC): A Cross-Border Public Cooperation*

The GCSC partnership in the Øresund region comprises three regions: two in Denmark (Hovedstaden and Sjælland) and one in Sweden (Skåne). It focuses on the joint marketing of the Greater Copenhagen region, developing a strong infrastructure in the region, attracting investors, tourists, companies and talents, and ensuring sustainable development (Greater Copenhagen & Skåne Committee [GCSC], 2017). We consider this partnership hybrid because it transcends the territorial borders of the various governing agencies, as well as the public-private divide. All subnational government agencies from the three regions do indeed participate in the private-law partnership, which also involves private parties in setting up and carrying out specific projects. Moreover, a number of private and social parties are involved in the policy preparation process on an ad hoc basis.

### 5.3.4 *Verein Metropolitanraum Zürich (VMZ): A Public Partnership in Private Form*

The VMZ is a partnership that strives to coordinate policies in the field of regional economic development, transportation, society and spatial development (Nüssli, 2015). To this end, more than half of the regional government agencies participate in the association voluntarily, currently comprising around 120 cities and municipalities and eight cantons. Although the partnership is made up virtually exclusively of

public organizations, it can still be considered hybrid: The association is a private entity, is supported by a private secretariat and has a number of private affiliates. Moreover, there is also an outsourcing scheme that lets private parties submit project proposals to the association. The organization also features an – admittedly rather inactive – ‘echo chamber’ for social partners to reflect on the activities of the VMZ.

Table 1 contains an overview of the involvement of the various actors and the hybrid nature of the four models.

#### **5.4 Effectiveness and Legitimacy of Hybrid Arrangements**

If we measure these versatile governance models against the two main criteria of good governance proposed by Hendriks (2010), namely effectiveness and legitimacy, we can establish that hybridity can be both a strength and a weakness and that the ultimate value of hybridity is highly dependent on its context.

##### *5.4.1 Effectiveness*

The effectiveness of cooperation in our four cases is influenced by various factors. In Berlin, private parties are entrusted to implement public policies by means of an outsourcing scheme. This approach allows the city government to draw on private parties’ expertise in and experience with citizen participation and local development policy, which the city council does not have. As private parties develop local urban development policies and citizen participation policies, they play a highly public role. In practice, however, locally developed policy frequently conflicts with the vision of the city council, which may detract from the effectiveness of the implementation process. In addition, the private Quartiermanagers are frequently forced to ask themselves whether they represent the interests of their client (the city council) or those of local residents. In its capacity as a hybrid organization, it is hard to classify the Quartiersmanagement. As one respondent puts it, “They don’t really belong anywhere.”

Matters are significantly different in the metropolitan Brainport partnership in the Eindhoven area. Here, private parties, knowledge institutions and public authorities serve as equal partners in the development of strategic regional policy, while the private-law entity (the foundation) allows them to make strategic agreements

Table 1 Overview of the four cases: actors involved and hybrid features

City regions	Actors involved			Hybrid features
	Private parties	Civil society and/or knowledge institutions	Citizens	
Quartiersmanagement Berlin	Private, contracted developer and implementer of neighbourhood policy	An advisory role in specific projects through participation in neighbourhood council	An advisory role in specific projects through participation in the neighbourhood council	A combination of tendering logic and the active involvement of organizations and citizens
Brainport Eindhoven	A formal role in triple-helix decision-making process about strategic regional policy and private implementation organization	A formal role of knowledge institutions in triple-helix decision-making process about strategic regional policy	Involved in project as end users but have no role in regional governance	An equal partnership between private parties, knowledge institutes and government agencies
Greater Copenhagen & Skåne Committee	Involved in preparing policy and setting up and implementing specific projects on an <i>ad hoc</i> basis	Involved in preparing policy and setting up and implementing specific projects on an <i>ad hoc</i> basis	No role	A public partnership with <i>ad hoc</i> private involvement in policy implementation
Verein Metropolitanraum Zürich	Private-law entity, private secretariat, tendering procedures for projects	Members and reflection group with a very limited role	No role	A public-public partnership in a private organization with various private features

among themselves. The implementation of these agreements is then entrusted to Brainport Development, the associated development company, which has major implementation capacity at its disposal. This form of governance is considered highly effective in the field of economic development and innovation. Brainport Development's affiliation to the foundation and the fact that its principal shareholders are municipalities generally ensure that it has sufficient political commitment in the eyes of those involved. Simultaneously, however, classical agency problems arise in the sense that policy implementation in Brainport Development is not always a direct translation of the strategic policy determined by the foundation.

Unlike Brainport, the governance model of the GCSC relies on decentralized implementation capacity, which municipalities are expected to provide themselves. The decision to organize the GCSC in such a way was prompted by recent experiences: the predecessor of the GCSC, the Øresund Committee, did have considerable implementation capacity at its disposal within the organization itself. For that reason, however, it gradually detached itself from the participating municipalities, thus losing the necessary political commitment. The new organizational form has proved its worth with initiatives such as a mobility charter, but it lacks the structural involvement and embedding of social and private parties.

In Zürich, there are considerable doubts with regard to the usefulness of said involvement. In the constitutional context of Switzerland, with its three administrative layers (federal, cantonal and municipal) and highly decentralized autonomy, the VMZ has emphatically opted against cooperating on strategic regional policies with private and social parties. Stakeholders indicate that there is hardly any room for such cooperation owing to the perceived primacy of politics. Alternative forms of hybridity can be found, however, such as in the private secretariat, which is capable of action that is more politically neutral, and in the outsourcing scheme that lets private and social parties submit project proposals. This lets the organization "stay in touch with what is going on outside public organisations", a statement various respondents supported. At the same time, the VMZ can hardly be said, from a governance point of view, to produce binding strategic policymaking, as the private entity underlying the voluntary partnership provides few anchors for binding policy.

#### 5.4.2 *Legitimacy*

Hybrid forms of governance inherently raise questions of legitimacy. After all, whereas public organizations in the traditional system of representative democracy can typically rely on direct democratic legitimacy through elections, this rarely applies to hybrid forms of governance, which often lack the democratic means that let third parties provide direct or indirect input or effectively call the participating public organizations to account. For this reason, we will now examine whether and how the four governance models deal with the issue of legitimacy.

In Berlin, traditional, top-down representative democracy is supplemented with grass-roots democracy through the role played by citizens and civil society organizations in decision-making processes, thus ensuring a twofold safeguard of democratic legitimacy. This can lead to tensions between the various mandates, but, from the perspective of democratic legitimacy, that is not necessarily a bad thing. After all, clashes can trigger discussions about what the public interest is and who represent it (Hendriks, 2010).

In Eindhoven, the challenge of democratic legitimacy applies mainly to the individual, smaller municipalities, as there is often uncertainty as to the extent they can actually influence and contribute to the development of Brainport and whether effective accountability mechanisms are in place. After all, the hybrid nature of the partnership means that it is somewhat detached from the decision-making process in municipal councils. However, the fact that the Eindhoven region is considered successful means that any discussion about its legitimacy is often nipped in the bud. In this sense, the output legitimacy of Brainport appears to be more developed than its input legitimacy. At the same time, Brainport's strategy reveals it is working to make the region 'more inclusive', shifting from a triple-helix to a multi-helix governance model and, among other measures, seeking to involve citizens in the partnership (Brainport Development, 2015). In the practical implementation of this new strategy, however, citizens seem to be regarded primarily as end users of technological innovations rather than as participants in the decision-making process.



The GCSC does not involve citizens in its decision-making processes either, which means that the organization's democratic legitimacy, based mainly on indirect legitimization through the municipal councils and mayors, is considered one of its weaknesses. However, this is not seen as a particularly important or urgent problem, partly because the regional partnership has succeeded in influencing national authorities on a number of occasions. Once more, output legitimacy is considered to outweigh input legitimacy.

In Zürich, the output legitimacy of the organization is primarily safeguarded by indirect representation through the executive politicians of the municipalities and cantons representing the residents of these areas. All the same, a number of stakeholders highlight the fact that the VMZ rarely accounts for its actions to the municipalities and cantons as a threat to its legitimacy (*see also* Schwab, Kübler, & Walti, 2001).

This leads to the overview of solutions and identified risks represented in Table 2.

Table 2 Effectiveness and legitimacy of the four cases

City regions	Assessment criteria	
	Effectiveness	Legitimacy
Quartiers-management Berlin	+ recruiting specific expertise - clashing mandates	+ combination of representative and participative democracy
Brainport Eindhoven	+ joined strengths of private, societal and public parties + strong implementation organization with political commitment - agency problems	- successful cooperation silences discussion about legitimacy issues - little direct involvement of municipal councils
Greater Copenhagen and Skåne Committee	+/- local organization of implementation capacity - minimal role played by private and societal parties	- successful cooperation silences discussion about legitimacy issues - indirect legitimization
Verein Metropolitanraum Zürich	+ coalition of the willing - hardly any specific policymaking	- indirect legitimization and scant accountability

## 5.5 Comparative Discussion

In all four cases, we can see that regional authorities are looking for governance models that are both effective and fit for the purpose of the organization. Hybridity is a recurring element in these models that has the aim of increasing the problem-solving capacity of the government by linking public, private and societal actors and by combining public and private legal, administrative and organizational features. In each of the cases, hybridity takes a different shape. Whereas Brainport opted for a triple-helix approach, the VMZ considers such a form possibly desirable yet unfeasible based on the importance of local autonomy and the primacy of politics. Small-scale, voluntary inter-municipality cooperation therefore seems to be one of the rare ways to achieve a form of regional governance in this area (Plüss & Schenkel, 2014). Within this structure, those involved are looking to implement elements of hybrid governance to stay connected to society. The GCSC is still looking for a solution as well: those involved recognize the importance of including private parties but have thus far not managed to achieve much more than *ad hoc* involvement at a relatively low level. As a consequence, the public logic remains rather dominant in the GCSC.

The same applies in Berlin, where the governance model works with an outsourcing scheme in which the private partners are sometimes referred to as ‘the lengthened arm of the Senate’, signalling a strong shadow of hierarchy. This label, however, does not do full justice to the hybrid nature of this form of governance, which involves a private party developing public policy while also bearing the responsibility to involve citizens. Nevertheless, it does lead to clashing mandates and questions about the role played by hybrid intermediary organizations such as the Quartiersmanagement, thereby limiting the effectiveness of this governance model at times. The hybrid character of the local mode of governance is also a strength, however, because it affords the organization the flexibility of a private party in implementing public policy. Moreover, the legitimacy of Quartiersmanagement is safeguarded relatively well, owing partly to the scale of the system and partly to the approach taken. In the three other urban regions, output legitimacy is generally considered to outweigh input legitimacy, especially if the latter were to be achieved through direct citizen involvement. In Berlin, however, policymakers are convinced that the effectiveness of policy

stands or falls on its legitimacy (*see also* Hendriks, 2010). The other three urban regions do not share this conviction to a similar extent and do not experience the legitimacy problem inherent in hybrid systems in the same way. Nevertheless, Brainport and the GCSC, as well as the VMZ in Zürich to a lesser extent, are looking to connect with citizens, companies and civil society organizations in ways that go beyond the current approach. As of now, however, these attempts are not very effective, as is shown by Brainport's unconvincing approach to the idea of a multi-helix system and Zürich's attempt to keep a reflection group composed of civil society organizations alive. At the same time, new initiatives to find fitting forms of hybrid governance are springing up in both regions, such as the programme that opens an opportunity for Zürich's citizens and civil society to submit project proposals, and the intention of organizing 'future labs' that will let societal actors play their part in thinking about the future of the urban region. Such initiatives are yet to prove their worth, however.

## **5.6 Conclusion**

Each of the four urban regions is looking for effective, legitimate forms of urban regional governance that fit the local context, using hybridity as an instrument to increase their problem-solving capacity. In this endeavour, output legitimacy is frequently considered to outweigh input legitimacy, which is to say that the results achieved by the urban regional authorities for the local economy and community are valued more highly than the question of whether representatives of that community can influence or be involved with decision-making in the urban region. The latter is traditionally guaranteed through representatives elected by the people, and the perception that representative democracy remains the only source of democratic legitimacy is relatively dominant in all four urban regions, with the partial exception of Brainport. Simultaneously, however, representative bodies often play a rather marginal role in the governance structures that we have analysed. Another way to boost input legitimacy could be to let citizens and/or representatives of community interests play a part in articulating society's preferences. The former is especially prominent in the rhetoric of the four urban regions, apart from Berlin, where citizens can actually exert influence in various roles. There is, however,

a clear search for fruitful connections between the urban regional governance and societal parties, which looks slightly different in each urban region. In this respect, there is still much to be improved: private parties are currently involved on a rather selective and unilateral basis and are rarely given the chance to exert real influence (with the exception of Brainport Eindhoven). The latter is mainly due to the normative perspective of representative democracy. Put sharply, the legitimacy of urban regional governance is hardly ever called into question, and the people involved assume that they can rely on the support of the existing representative bodies.

Finding hybrid forms of governance that combine public and private logics to increase not just the effectiveness of the region but also its legitimacy remains a key challenge for practitioners. They will have to look for alternative sources of legitimacy, as relying on the involvement of existing elected representatives alone may be risky. After all, elections are already not a perfect way to communicate and translate societal preferences, and this is even a bigger problem when there are no elections at all, as in our four cases of urban regional governance. Urban regional governance offers an interesting opportunity to societalize democracy, as this is exactly where it is both possible and useful to give representatives of societal interests (per issue or policy domain) an influential role to play. These representatives will contribute more than just knowledge and insight: They will provide social support. This may just be a truly essential criterion of good or smart urban regional governance: adaptively joining public and private forces and logics for addressing specific challenges in effective, sustainable, feasible and legitimate ways.

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## CHAPTER 6

# THE DYNAMICS OF NEW GOVERNANCE ARRANGEMENTS FOR SUSTAINABLE VALUE CHAINS\*

*Katrien Termeer, Hilde Toonen, Marcel Kok and Esther Turnhout*

Traditional state-centred governance systems have failed to tackle effectively the transnational problem of the sustainability of global value chains (GVCs). To fill this institutional void, industry and non-governmental organizations (NGOs) established a series of global partnerships that designed standards and certification schemes for global commodities. This chapter uses various theoretical lenses to address the question of the extent to which these arrangements can be considered intelligent and for what and for whom they are beneficial. Despite their relative success, these partnerships face some serious challenges. All key players recognize these challenges and have developed abundant initiatives to learn and adapt, varying from landscape certification and public standards to advanced traceability systems and harmonizing programmes. These innovations, however, are constrained by the boundaries of the current system and its underlying assumptions.

### 6.1 Introduction

You will struggle to find a chocolate product without the UTZ logo in supermarkets, a lot of wooden garden furniture features the FSC label, and consumers have started eating more and more MSC-certified fish.

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Behind these small symbols lies a whole world full of new governance arrangements aimed at making global value chains more sustainable and equitable. It is a world of voluntary standards, labels, round tables and self-governance, in which the role of governments is very limited.

Many public management scholars have written about new governance concepts that would be better able to deal with wicked problems such as the sustainability of global value chains than traditional, monocentric, top-down governance arrangements (Hood, 1991; Kooiman, 2003; Koppenjan & Klijn, 2004; Rhodes, 1996; Torfing, Peters, Pierre, & Sørensen, 2012). At first glance, these certification systems and private partnerships seem to be a good example of such new arrangements. This chapter uses various theoretical lenses to address the question of the extent to which these arrangements can be considered smart and for what and for whom they are beneficial.

## **6.2 The Emergence of Voluntary Sustainability Standards and the Organizations Behind Them**

The globalization of our economy means that agricultural resources and products, such as wood, coffee, tea, cocoa, fruit, palm oil and fish, are now travelling around the world to an ever-increasing extent. Western countries consume a vast number of products that are produced in developing countries, where they cause a wide range of sustainability problems, including deforestation, overexploitation, loss of biodiversity, poor working conditions, child labour, air pollution and land grabbing. International companies can source their raw materials wherever they want, and there is little that national governments can do to stop them. The reasons governments give for their inability to step in range from respect for the sovereignty of other countries and commitment to rules for free global trade set by the World Trade Organization (WTO) to the limited regulatory power of international organizations.

In the 1980s, the inability of national governments and international organizations to take action began to draw increasing criticism (Glasbergen, 2008; Hall & Biersteker, 2003). Non-governmental organizations (NGOs) concluded that their strategy of applying pressure on governments was not very effective. With no desire to wait any longer, they initiated the development of voluntary sustainability



standards, attempting to fill an institutional void by creating new rules (Hajer, 2003). These new governance arrangements are based on a theory of change and include the following mechanisms (Steering Committee of the State-of-Knowledge Assessment of Standards and Certification [SCSKASC], 2012). First of all, farmers and other private producers' companies in the value chain decide to start complying voluntarily with sustainability standards, which are drawn up in cooperation with civil society organizations (Cashore, 2002; Gereffi, Humphrey, & Sturgeon, 2005). Subsequently, the parties involved set up systems to monitor whether production meets the criteria imposed by these standards and is therefore eligible for certification (Cook, van Bommel, Turnhout, 2016). Certified products are then made known to consumers by means of visible labels, giving them the opportunity to opt for (more) sustainable products and, above all, pay more for them. Finally, it is expected that other parties in the chain, such as supermarkets or the food processing industry, will start to anticipate this consumer behaviour by purchasing and processing certified products. In a competitive market, the initiators of sustainability standards hope that more producers will start to comply with the standards as it would bring them a competitive advantage and, finally, more income.

The Max Havelaar label, dedicated to equitable, sustainably produced coffee, was one of the first such initiatives and was introduced by the development-oriented NGO Solidaridad in 1988, before continuing as an independent standards organization whose primary activities are implementing quality systems. Many followed this example, as similar initiatives were launched in many Western countries. In 1993, the Forest Stewardship Council (FSC) was established by a group of environmental NGOs with the aim of effecting more responsible forest management (Gulbrandsen, 2009; Schepers, 2010). Although the World Wildlife Fund (WWF) was the key architect of the FSC, more activist organizations such as Greenpeace and Friends of the Earth put pressure on major players in the timber supply chain to commit to this initiative. In 1996, the WWF and Unilever joined forces to establish the Marine Stewardship Council (MSC) for sustainable fisheries. The FSC is a membership organization, but the MSC opted against this format as early experiences had shown that it hampered

the effectiveness of the FSC (Gulbrandsen, 2009). In addition, the MSC focuses specifically on ecological issues, whereas the FSC explicitly strives to strike a balance between environmental, social and economic interests.

With the arrival of the new millennium, organizations turned to the round table concept. At the global sustainability summit in Johannesburg (2002), these partnerships were formally recognized as good alternatives to governmental regulation (Glasbergen, 2008). Examples include the Round Table for Sustainable Palm Oil (RSPO, founded in 2003) or the Sustainable Beef Roundtable (SBR, founded in 2010). These round tables are global multi-stakeholder platforms whose aim is to improve the sustainability and equity of an entire agricultural chain (Schouten, 2013). Dozens of private parties and NGOs, from both producing and consuming countries, take part in these round tables, which ultimately rely primarily on standards and product certification schemes (Schouten, 2013).

New organizations were also created in response to existing initiatives, such as UTZ, which was founded in 2002 by the Dutch multinational Ahold and a Guatemalan coffee producer. This new organization formed an alternative to the Max Havelaar quality label, which had been developed mainly for smaller coffee farmers and cooperatives. Medium-sized and major coffee producers could not apply for this certificate (Inglenbeek & Reinders, 2013). Rather than carrying out audits themselves, a number of standards organizations have chosen to have their standards monitored by accredited, independent auditors. In addition, a number of standards organizations jointly founded the Alliance for International Social and Environmental Accreditation and Labelling (ISEAL), which develops Codes of Conduct for designing, auditing and evaluating standards (van Oorschot, 2014). As a consequence, an entirely new infrastructure of standards and certification has emerged, forming a breeding ground for the introduction of new standards (van Oorschot, 2014).

### **6.3 Voluntary Sustainability Standards as Mixed Forms of Governance**

In this section, we examine the extent to which Voluntary Sustainability Standards (VSSs) reflect current thinking about new governance arrangements. First, they are based on many ideas of neo-liberalism and New Public Management (NPM) (Mert, 2012). The central idea of these lines of thought is that the effectiveness and efficiency of policies and public services can be improved by entrusting these responsibilities to the market (private parties) and managing what remains of the public sector in a business-like manner. Key principles are market forces, entrepreneurship, privatization, performance orientation and SMART indicators: Specific, Measurable, Achievable, Realistic and Time-bound (Hood, 1991; Rhodes, 1996). The certification systems are based on the notion that market parties are able to regulate themselves and that they can guide market supply and demand processes in a more sustainable direction by developing, monitoring and communicating explicit SMART performance standards. These private arrangements also conform to the optimistic idea that companies can offer a counterweight to the shortcomings of governments (Schouten, 2013). Standards organizations and round tables make the deliberate decision not to invite governments to be founding partners or members, although governments do play a facilitating role, in line with the NPM philosophy of steering, not rowing. The Dutch government, for instance, contributed to facilitating and subsidizing round tables and certification organizations (van Oorschot, 2014).

Second, round tables and other certification initiatives represent practical examples of theoretical ideas about collaborative governance (Huxham & Vangen, 2005) and network governance (Koppenjan & Klijn, 2004). The dominant philosophy behind this type of governance is that uniting mutually dependent actors can contribute to the development of innovative forms of social problem-solving. Both in the round tables and in other standards organizations, the decision was made to strive for creating new partnerships between private companies and civil society organizations that had been diametrically opposed in the past. Rather than organizing boycotts and shame campaigns aimed at market parties, development and environmental NGOs sought reconciliation, trying to coax companies

to pay more attention to environmental and social considerations by ways that fitted into their business models (Humphrey & Schmitz, 2002; Tallontire, 2007). With professional facilitators and process managers at the helm (Schouten, 2013), growing understanding emerged about mutual differences in vision, as well as the awareness that there is no overall definition for the complex range of sustainability issues.

Finally, these governance arrangements are in line with informational governance, which means that information and information systems play a prominent role in sustainable development in the digital age (Mol, 2006). The problems in global value chains were particularly persistent because the adverse environmental and social effects in production countries remained invisible for companies and consumers elsewhere. This information, however, is now disclosed by the labels and the associated information systems. Because consumers must be able to trace back sustainability claims made on a label to an individual producer, increasingly advanced traceability systems have been developed to make product flows and their impacts visible. This allows consumers to hold producers accountable, thus motivating them to improve their performance (Turnhout, Neves, & De Lijster, 2014). Especially in the digital age, trust in these systems is crucial. Development charities and environmental NGOs wield significant influence when it comes to building (and destroying) companies' reputation capital (Glasbergen, 2008; Mol, 2008). Moreover, these civil society organizations increasingly face accountability pressures and the need to demonstrate that they are no part of any greenwashing attempt.

#### **6.4 Beneficial for Whom and for What?**

Given the previous reflections, we could describe these VSSs as a smart way to organize the governance of sustainable value chains. However, that would be a simplistic conclusion and one that fails to do justice to the raging critical debates about these private governance arrangements. Key questions remain: from what perspective do we call a particular arrangement intelligent or smart, and for whom or for what purpose is it beneficial?

Within the NPM philosophy, effectiveness and (market) efficiency are the most important criteria for assessing whether something is smart. In that respect, most standards can be considered reasonably successful. After a long period of minor niche markets for conscious consumers, the market share of certified products has jumped considerably since 2000, although it is still less than 20% (van Oorschot, 2014). It must be said, however, that this applies mainly to their market share in Europe and North America (van Oorschot, 2014). However, the expectation that consumers are willing to pay a higher price for products, thereby supporting producers, small holders in particular, often fails to come to fruition. As a consequence, it is often too expensive, and therefore inefficient, for small holders in developing countries to apply for certification. In poorer countries, small-scale farmers and fishermen simply cannot meet the criteria for certification because they do not have the knowledge or financial means to make the necessary adjustments, the costs involved in the certification process are too high and the revenues are too little (Bush, Toonen, Oosterveer, & Mol, 2013).

In neoliberal and collaborative views on governance, the shift from government to market governance is generally characterized as a positive, and therefore smart, development. However, this shift is not beneficial for everyone and for all goals. Schouten (2013), for instance, addresses the inherent threat of colonization of the arrangements by market parties. Companies will take part in such arrangements only if they can see a sound business case; and because round tables and standards organizations want to ensure that major market parties remain committed, they will typically be willing to accommodate the interests of these parties to keep them on board (Cashore, 2002). As a result, some groups will be put in a privileged position, leading to an unequal balance of power. The active participation of NGOs in these partnerships is not always enough to guarantee inclusivity and equality (Hospes, Dewulf, & Falling, 2016). Besides, the fact that these private arrangements will inevitably also have to deal with government policy is frequently overlooked. It is striking, for instance, that certification schemes in developing countries are successful primarily in countries with well-functioning governments (van Oorschot, 2014). Because certification is not mandatory, companies are free to

focus on the legal regulations in their country, which generally has considerably less stringent standards. As long as there remains a large market for non-certified products, sustainability will continue to depend on capricious market dynamics (Schouten, 2013).

In recent years, the awareness that private and public actors can help each other to realize sustainability ambitions has grown in Western countries (Gulbrandsen, 2014). The Dutch government, for instance, gave financial support to fishermen looking to be certified, and also modified its own procurement policy. In production countries, the relationship between producers and governments is often more difficult, as voluntary standards are frequently regarded as a form of paternalism or as a competitor of government policy. The Indonesian government, for example, has decided to develop its own standard in response to the RSPO: the I(Indonesian)SPO (Hospes, 2014). We could consider this healthy policy competition, as it is plausible that countries would not have acted if they had not been prompted to do so by voluntary standards. However, the criteria for sustainability and social justice included in these government standards are often less strict than the voluntary standards (Hospes, 2014).

Governance based on advanced information systems is often perceived as a form of smart governance. Again, however, there is some room for criticism, as it is ultimately unclear who pays for the information systems, who profits from them and what risks they entail (Mol, 2006). With the emergence of complex traceability systems, auditing organizations and organizations that audit the auditors, a private bureaucracy has emerged. Questions can be asked whether this private bureaucracy is actually more efficient than government regulation. In addition to stimulating the production, trade and consumption of certified products, sustainability certificates have become tradable products themselves, and it is even possible to speculate with them. The increased focus on product flow visibility has also launched a lucrative new market for traceability technologies. This sector is vulnerable to cybersecurity issues and hidden forms of data mining and data trading. The standards organizations, for instance, owe their position of power to their central position in the web of collecting, processing, communicating and providing feedback on sustainability information (Mol, 2006; Soma, Termeer,

& Opdam, 2016; Toonen, 2013). The growing certification market requires that additional attention be paid to sound checks and balances in the information chain.

The dominance of governance theories based on market orientations, partnerships and disclosure of information has a major influence on how these private governance arrangements are assessed, but ultimately a governance arrangement can be considered truly successful only if it solves actual sustainability problems. This is where a number of key questions arise. Thus far, certification has worked out well primarily for companies that were already behaving in a quite sustainable way (Pattberg, 2005) and for chains in which companies could reasonably easily meet auditing and traceability requirements. This is one of the reasons why the increased market share of certified products has led to only a relatively limited decrease in deforestation or child labour, for instance (Franssen & Kolk, 2007).

## **6.5 Towards Better Governance**

When they were first created, private governance arrangements were innovative and succeeded in making a breakthrough after a long-term lock-in. Nowadays, they have become mainstream, and all sorts of side effects, such as those described earlier, have become more visible. These problems are not new, and most round tables and standards organizations are familiar with them. Although it is important for these organizations that they have a large and growing market share, their *raison d'être* is based on solving environmental problems and combating social injustice in supply chains. In doing so, they are also working on improving private governance arrangements, thus making them even smarter. Various attempts have been made to develop 2.0 certification systems, for instance, with a heavy investment in research into impact. In addition to focusing on vertically organized value chains, these organizations have started adopting a landscape approach, which aims to make areas more sustainable and allows more groups to benefit while reducing the effects of passing on costs (Arts et al., 2017; Deans, Ros-Tonen, & Derkyi, 2018). In order to shed their Western image, these organizations dedicate considerable resources to gain access to markets in emerging countries such as China, India and Brazil (Schleifer, 2017). In addition, they are search-

ing for hybrid forms of public and private governance (Kløcker Larsen et al., 2018). Various standards organizations, for instance, are building new coalitions with governments to generate synergy between governmental policies and private initiatives. Companies that use the standards have also started calling for government regulations to level out the playing field (Brack and Wolosin, 2018). In the process, however, they once again encounter the age-old political obstacles of free global trade.

Although the private governance arrangements have been shown to act adaptively and dynamically in various areas, the question is whether this will suffice. All current changes are still made within the same old frameworks, in which certification is the model for sustainable supply chains and market efficiency the norm. This is becoming a particularly prominent risk in the light of increasing calls for the sustainable development of supply chains to be driven by more than just voluntary standards and certification (van Oorschot, 2014). Most standards organizations and round tables are innovative but only within existing systems. The question is whether they are also capable of radical transformation. The high levels of investment in the infrastructure of standards, certificates and traceability has led to path dependencies that may block arrangements that go beyond these private certification systems.

## **6.6 Conclusion**

This chapter examined the extent to which private governance arrangements are a smart way of enhancing the sustainability of global value chains. These arrangements consist of partnerships between business actors and NGOs that initiate round tables to agree on standards and implement them by means of certification and labelling. When they first emerged, these private governance arrangements for the sustainable and equitable development of value chains were certainly a smart way of dealing with the problem at hand. They managed to break through a long-term lock-in situation, where governments were unable to tackle transnational sustainability issues. They also exhibited a hybrid of contemporary governance philosophies, such as NPM, collaborative governance and informational governance. However, these arrangements have turned out not to be beneficial for everyone and for



every goal and are now facing several new challenges. The underlying theory of change failed to fulfil all its promises: The market-driven uptake of certified products is disappointing and small holders hardly share in the benefits. Actors are aware of these challenges, though, and are constantly working to improve the arrangements and to learn more. The first signs of a new generation of arrangements for sustainable value chains, such as landscape approaches, cooperation with certification systems from production countries or experiments with blockchain technology, have also emerged. However, the investment of considerable resources in the current partnerships, labels and the associated traceability systems has created a path dependence that could hinder more radical change.

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## **PART 2    INTERNATIONAL REFLECTIONS ON SMART HYBRIDITY**



## CHAPTER 7

# INTEGRATION AND NEEDED CAPACITIES FOR HYBRID GOVERNANCE ARRANGEMENTS

*Kirk Emerson*

The studies presented in Part 1 of this book investigate a broad array of new hybrid systems for governing complex, cross-boundary challenges, from Internet platforms to public/private contracting to more client-centred public health planning and delivery, regional partnerships and private certification of supply chains for sustainability. The book's valuable illustrations and insights lead me to reflect more broadly on a new, emerging role for public administration as well as the needed capacities for those working in public service – be they government, private, non-profit or citizen actors. It also suggests some critical questions for future research.

Across the case studies and throughout the commentary, the cross-boundary nature of these new hybrid governance arrangements is fully evident, be it connecting sectors, governance mechanisms or policy approaches. These actors are creating systems that do not simply cross divides, but also change the nature of those divides by knitting them together into new hybrid governing patterns. They are *integrating* institutions, organizational cultures, expertise, knowledge and skills, resources, perspectives and interests. The demands of cross-boundary wicked policy problems and the corresponding rise of interorganizational networks and collaborative governance all require proactive integration across sectors, scales, problem sets, disciplinary knowledge and expertise.

At the ‘Minnowbrook at 50’ workshop sponsored by Syracuse University in 2018, integration emerged as a key theme in the discussions about the future direction of public administration (Carboni et al., *forthcoming*). The professional field of public administration in the United States arose through efforts to distinguish and separate itself from politics, lay knowledge and public sentiment. In the last few decades, however, we have seen the development of a new role and function for public managers and decision makers, that is, that of integrators. Working in more open and publicly accountable settings, they are engaging in more dynamic interactions with organized stakeholders and the public at large as well as with the organizations (non-profit and private) that are participating in public service delivery and resource management. Public administrators are in a unique position to integrate these actors, work in interdisciplinary and applied spaces and make progress on complex, wicked policy dilemmas.

This new integrative role requires new governing capacities for those in public service – be they government, private, non-profit or citizen actors (Bingham, Nabatchi, & O’Leary, 2005; Klijn & Koppenjan, 2016). I would like to touch on three of these needed capacities that are mentioned throughout this book but deserve further attention as we prepare students, professionals and citizens to play these integrative roles in hybrid governance systems. The first capacity builds on the repeated observation that hybrid arrangements need to find the right fit or alignment with existing structures of government, the market, non-profit organizations and citizen advocacy as well as with the public service challenge or public policy dilemma. Finding the right fit requires intentional assessment of the situation, the potential actors and their involvement and the strategic choices around options for structuring, initiating and managing these new fora. These considerations require a design sensibility and orientation. The innovators of new hybrid governing arrangements are innovative governance designers, and more attention should be paid to cultivating design capacities and mindsets.

The second capacity I would like to underscore is conflict management. While conflict among actors or within communities to be served was mentioned in the book, the emphasis is on the



constructive functions of coordination, consultation and collaboration. If, indeed, the essence of these new governing systems is to reveal or serve public values, transparency, inclusion and trust among them, inevitably conflicts among diverse actors will emerge (O'Leary, 2015). Indeed, any efforts to suppress them will surely undermine any collective enterprise. The successful new governance pioneers possess, whether from training, experience and/or personality, the capacity to acknowledge and handle interpersonal and interorganizational conflict. They are adept at respecting divergent viewpoints, managing differences and mediating among contentious perspectives, interests and/or deeply held values. Moving forward, as demands for hybridity grow, we will need to cultivate conflict management skill sets through training, mentoring and elevating their value and contribution to the new governance arena.

The third capacity needs little introduction but perhaps more acknowledgement than provided for by the empirical studies in this volume. The leadership roles and requirements of hybrid governance arrangements are varied and multifaceted. Initiating leadership is seen as an essential driver of the formation of collaborative governance regimes (Emerson, Nabatchi, & Balogh, 2012; Emerson & Nabatchi, 2015), for example, but equally important is the leadership manifest in every participant in a hybrid system. Each actor brings some form of formal or informal power and capacity to the table as they represent their home organization, constituency or network. One might think of a leadership matrix within a hybrid governance arrangement. A self-reinforcing, committed leadership matrix may be one of the most critical conditions for successful performance. Much has been written on the essentials of collaborative leadership and on public leadership in collaborations (Crosby & Bryson, 2010; Klijn, 2014; Sørensen & Torfing, 2016). Much more will be required of the academy and other training institutions to prepare and support leaders from all sectors for the challenges these new governance arrangements face.

Turning to the future research agenda, I would like to call out two sets of research questions that are currently on my mind. The first centres on how these hybrid arrangements unfold in different

governing contexts. What do hybrid arrangements look like in strong state settings such as China, or in more fragmented states like India or in disruptive settings of political polarization as in the United States? Where the social contract with the state is strongest, as in the Netherlands and in Scandinavian countries, is government's role in hybrid governance different than in more contested or emergent democratic regimes? Experiments with collaborative governance regimes and other hybrid forms of governance are playing out around the globe. Soon we will have many more case studies to analyse and compare performance under different conditions concerning the role of the state, the distribution of power across actors, the 'voluntariness' of participation and the nature of trust and accountability in public decision-making.

Another set of questions address the temporal nature of these governing experiments in governance. What will these cases look like in 5 to 10 years? Will they tend to formalize into interorganizational institutions, as some research would suggest (Isett, Mergel, LeRoux, Mischen, & Rethemeyer, 2011)? More broadly, will the rise of hybrid governance indeed change the nature of formal government into more responsive, integrative enablers? Will they assist in restoring trust in government as constructive participants and supporters of new governing models? Or will civil society tire of the demanding responsibilities of partnering with the state to deliver public services and solve public policy challenges? Or will new sources of investment (from private sources, public contracts, user fees or taxes) arise to underwrite the ongoing costs of sustaining hybrid governance arrangements? Will integrative change agents professionalize or create more third-party convening/hosting organizations to serve as facilitators or network managers? All these and other inquiries will, hopefully, prompt the next volume in this ongoing investigation into new governance arrangements.

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## CHAPTER 8

# COLLABORATIVE GOVERNANCE ARRANGEMENTS IN THEORY AND PRACTICE

*Michael Howlett*

Proposals for different kinds of collaboration can be thought of as efforts to shift governance styles between different modes of governing (Treib, Bahr, & Falkner, 2007), and the chapters in this volume address the many challenges associated with these transitions.

Unfortunately, the history of many such transition efforts is replete with false starts and over-optimistic expectations. Initially, for example, the sentiment behind many governance reform efforts and coalitions in the 1980s and 1990s favoured transitions from government-led service design and delivery, and regulation, to more market-based governance regimes with efforts at privatization and deregulation occurring in many countries and sectors. Sometimes these were accomplished successfully but oftentimes they were not.

In recent years, the tilt has shifted towards transitions to the more network-oriented collaborative governance relationships described in this volume. Many proponents claim these forms of ‘collaborative governance’ potentially combine the best of both government- and market-based arrangements by bringing together key public and private actors in a policy sector in a constructive and inexpensive way (Koffijberg, De Bruijn, & Priemus, 2012). But poor definitions and poor theorization continue to plague many accounts of collaboration in which otherwise dissimilar governance efforts are often clumped under the same rubric and their nuances and differences ignored.

Many 'collaborative' governance arrangements (Ansell & Gash, 2008), in fact, are prescribed without knowing exactly what they are and under what conditions they are likely to succeed or fail. That is, when governments reform or try to shift from one mode to another, they need to understand not only the nature of the problem they are trying to address and the skills and resources they have at their disposal to do so but, especially, the innate features of each potential governance mode and the capabilities and competences each requires in order to operate at a high level of performance (Howlett & Ramesh, 2016). If these capacity concerns are not taken into account, then any short-term gain enjoyed by deploying a hybrid collaborative governance technique is likely to be cancelled out later on when the consequences of policy failures and poor institutional design become apparent.

*Co-production*, for example, is a short-hand term for a variety of governance arrangements that involve citizens in the production and delivery of public services (Pestoff, Brandsen, & Verschuere, 2012). It has long been recognized that expectations of free labour from co-producers may not materialize, however, and schemes to incentivize co-producers through payments are susceptible to all of the usual harms of public expenditures, including corruption, clientelism and goal displacement, among others.

*Certification* is another arrangement discussed in the book, and the term is used to capture the activities of many non-state actors involved in areas such as forestry, fisheries, organic foods and other similar areas in which quality control and enforcement of standards is accomplished less directly than in the case of traditional command and control regulation (Cashore, Auld, & Newsom, 2004). In the case of certification, legitimacy and trust are key aspects of the certifying organizations and predictors of the success of voluntary certification arrangements, as certification functions effectively only if trust exists between the public and the certifiers and between the certifiers and the certified companies and governments. Concerns about second-class regulation or corrupt standards can easily undermine years of work building up a certified brand. Similarly, competing or duelling certifiers can also undermine existing schemes and lead to their ineffectiveness.

*Contracting* is probably the most well-known such activity and involves governments in reducing the level of direct state involvement in the provision of public services, including internal state services, through the replacement of civil servants and internal procurement processes with contractual arrangements with, usually, non-governmental organizations, primarily businesses (Vincent-Jones, 2006). In the case of contracting, however, many supporters of the concept have noted significant limitations that can prevent this kind of governance arrangement from functioning effectively. The 2016 Nobel Prize in Economics, for example, was awarded to two economists who specialize in detailing the significant flaws and limits of contracting in areas such as prisons and healthcare (Hart, 2017; Holmström & Milgrom, 1991). These and other studies of private-public partnerships such as the ones in this volume highlight the need to carefully negotiate realistic contracts and overcome significant information asymmetries and knowledge gaps if these are to be successful.

*Commissioning* is another collaborative technique discussed in the book. It goes well beyond traditional procurement and outsourcing agendas by involving ‘third sector’ actors, such as NGOs in both service target formulation and design (‘co-design’) as well as service delivery (‘co-management’) (Sturges, 2018). Commissioning suffers from many of the same issues as contracting and co-production, however. As Taylor and Migone (2017) note, commissioning “means that the organizations involved must redefine their relations with the public administration, with the clients/users of the services on another and with each other”. This requires high levels of trust between all of these groups, which may be lacking.

Policy capacity is thus a key requisite of the effective operation of any mode of governance (Wu, Ramesh, & Howlett, 2015). Every one of these forms of governance requires a high level of state and actor capacity in order to function effectively, but whether such capacity exists and how it is mobilized is a significant issue rarely addressed in the literature on the subject. The use of such arrangements thus requires better and stronger empirical and conceptual analysis, and it is very good to see the critical and informative essays and case studies

in this volume beginning to address these issues in a systematic fashion.

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## CHAPTER 9

# THE VALUE NEUTRALITY OF 'SMART' AND 'SELF'-GOVERNANCE

*Christopher Koliba*

There is an implied consensus that is reflected in this volume that the practice of public administration has been shaped by a series of major transitions over time. In the opening chapter of the volume, Koppenjan, Termeer and Karré lay out an interpretation of these transitions as including traditional public administration, new public management (NPM) and two forms of new public governance (NPG). It is widely apparent that the first two modalities of public administration reflected in this table, traditional public administration and new public management, have been seasoned enough to be deemed 'irrefutable'. Shifts in practices resulting from the addition of private sector actors into the governance of societies signify the transition from traditional public administration to NPM. The effort embodied in NPM to 'make governments act more like businesses' has led to the widespread privatization of public services, a focus on 'customer' services within those government agencies that still offer direct services, and process-based regulation in which the traditional regulatory functions of the public sector are either loosened or relinquished in favour of industry, resulting in, at best, forms of self-regulation that generally are quite effective (Mills, Koliba, & Reiss, 2016), and at worst not only ineffective but downright negligent (Mills & Koliba, 2014).

The answer to the question 'What comes next?' in the evolution of public administration is, in part, the theme of this volume. Around the turn of the twenty-first century public administration scholars

widely recognized the failed promises of NPM, and sought ways to build stronger public values back into a 'new' theoretical framework. New public governance has been the most widely adopted framing, but there are other strong contenders as well. Network governance, in particular, has also established itself, with some even suggesting that the new public governance is actually a more normative version of network governance, with various forms of collaborative and network management prescriptions to follow. The key assertions of new public governance and network governance are arguably the same. The range of actors playing in the sphere of public governance and public policy extend beyond the State to include the non-profit and for-profit sectors. The awareness of the networked ties between these actors through the enactment of various policy tools has implied that, indeed, the effective governance of societies is not simply relegated to the State. It is a collective undertaking requiring a good measure of collaboration, coordination and cooperation (Keast & Mandell, 2014). What we call this 'new' form of collective governance is still unsettled. Some have argued that this era is marked by a focus on 'collaborative governance', while others view network governance as existing not only in the shadow of hierarchy but in an integrated element of governance networks (Koliba, Meek, Zia, & Mills, 2018). Koppenjan, Termeer and Karré likely label this approach as a form of 'new public governance: collaborative network governance'.

The interesting turn of events in this narrative concerns the question of whether public governance as network governance is sufficient? Are there practices and norms left out that cannot be accounted for in the now triumvirate of classical PA, NPM and NPG/NG? The editors of this volume believe so and key in on 'self-governance' and 'smart governance' as a focus. This approach to self- and smart governance is viewed less as a new paradigm and more as a means of incremental adjustments. Although no one in this volume uses the term 'situational awareness', it is a useful concept to introduce here (Endsley, 1995). Situational awareness is employed by effective leaders all of the time (as widely recognized in concepts like situational leadership) (Hersey, Blanchard, & Natemeyer, 1979). Effective leaders learn how to 'read' a situation and adopt a wide array of skills, traits and knowledge to meet the needs of the

moment. Arguably, those leading self- and smart governance efforts do the same, though at a more aggregated level. Instead of individual skills and traits, collective policy tools and social practices enable a diverse array of actors to collaborate, coordinate or cooperate to achieve public service goals. In this volume we are exposed to a variety of these tools: public-private partnerships, innovative forms of citizen engagement, the use of social media and online platforms to share information and coordinate action, and novel forms of inter-governmental relations. All of these cases share a common thread: the orchestrators of these undertakings have employed policy and social enterprise tools to address a public need.

The extent to which the examples in this volume actually reflect something worthy of a new label, such as 'self-governance' or 'smart governance', is the question being raised here. In some of these examples, there are echoes of deference to the use of market mechanisms, treading into grounds long covered by NPM. Other examples speak of innovations in public engagement, themes that can be traced all the way back to traditional public administration and a wide variety of nuanced and very important addenda to it, namely the new public administration (Marini, 1971), the new public service (Denhardt & Denhardt, 2003) and ongoing considerations of authentic public engagement (King, Feltey, & Susel, 1998). The newest edition to this mix concerns advances in information technology as a means of undertaking collective action (Mergel & Bretschneider, 2013). Even these practices have been found in the literature concerning e-governance, e-government, crowdsourcing and so on, leaving little doubt that the future of public administration and the governance of societies are called not only to react to and integrate new uses of information technology but also to anticipate and manage their use.

The use of the 'self'-governance in this volume speaks to the importance of self-organization, a property of complex adaptive systems (Koliba & Koppenjan, 2015). To this effect, self-governance grounds agency in the motivations of specific actors and also aggregates to form a wider, systems-level, whole. The key to understanding the role of complexity and governance lies in this basic idea: that the whole is more than the sum of its parts. The resultant synergies, when in fact they are synergistic, can generate genuine public value. The range of

governance tools highlighted in this volume can all be harnessed to create public value. Successful implementation of these tools should be judged on this basis. The recent renewed interest in public values may be called on in this regard to define standards against which to tie performance evaluation (Bryson, Crosby, & Bloomberg, 2014). Our theories of new public governance and network governance need to evolve a deeper understanding, appreciation and, most importantly, a set of practices around which to render these assessments. It is possible, after all, to self-organize our way into disruption and chaos. Looting, for example, is a form of self-organization of chaotic crowds. The perpetuation of 'fake news' memes across social media is an outgrowth of self-organization. Self-governance is not inherently supportive of the public good and generation of public value.

The use of the term 'smart' throughout this volume also needs to be problematized, an observation made by Termeer, Toonen, Kok and Turnhout in this volume. It is unclear how the use of the term smart in the context of this volume, namely as the means of reading situations and employing a wide variety of policy tools and hybrid structures, is particularly useful. Smart people can, and often do, make poor decisions. We tend to equate smartness to a positive virtue, and to a notion that has deep roots in the Enlightenment. But we must be cautious here. Take, for example, the case of Enron, the energy utility based out of California that essentially drained billions of dollars of value from shareholders by creating bogus energy trading schemes. Enron leaders always boasted about being 'the smartest people in the room'. Supposedly smart people also created the mortgage derivatives market that led to the Great Recession of the late 2000s.

The use of the term 'smart' has taken on additional meanings. For instance, the move to digitize the electricity grid has been labelled as the 'smart grid' (Koliba, DeMenno, Brune, & Zia, 2014). The incorporation of remote sensing for purposes of urban planning and community development has fuelled the 'smart cities' movement. Smart transportation systems have been devised to regulate traffic congestion and improve air quality (Koliba, Campbell, & Zia, 2011). And, of course, we are all bearing witness to the smartphone revolution and any number of smart home, smart appliances, and smart

[insert any noun here]. In all of these contexts, smartness is equated to the expansion of the availability of information resulting from the integration of technology into almost all facets of life. In these cases, being smart is equated with being informed and, more importantly, using this information to govern better. For instance, the smart grid has enabled utilities to recover from power outages more efficiently. Smart transportation systems have, at least in some cases, reduced traffic congestion. The smart cities movement promises to improve the quality of life of urban residents. However, these technologies have their drawbacks. Smart technologies do not necessarily equate to positive results, namely enhanced public goods and public value.

In sum, the implementation of the tools highlighted in this volume needs to be evaluated on the basis of norms and performance standards that are not inherent features of the tools themselves. For us to arrive at a deep consensus regarding the governance paradigm that adds to traditional PA and NPM, this normative basis needs to be not only highlighted but accentuated. To this effect, aspects of new public governance and network governance need to be integrated with the more values-based new public administration (which focused on the importance of social equity), new public service (which focused on the importance of liberal democratic norms) and the ongoing discourses regarding public value. Otherwise, we may find more instances of self-governance, smart governance and hybrid governance but not better results relative to the common good.

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## CHAPTER 10

# ORGANIZING FOR SMART PRACTICES: OUT OF THE SILOS

*Per Lægreid*

In this volume the issue of new governance arrangements and whether they represent a hybrid and smarter form of governance is addressed. My reflections are based mainly on experiences from research conducted through studies of innovative coordinating practices in public management (Lægreid, Rykkja, Ramnda Liiv, & Sarapuu, 2014). I will sum up the findings in ten propositions.

First, *tasks matter*. New governance arrangements have been initiated to counteract the ‘siloization’ or ‘pillarization’ of the public sectors. Governments have developed new approaches to address transboundary ‘wicked problems’ (Lægreid & Rykkja, 2015). The need for smarter governance arrangements is especially pressing when the problem structure does not overlap with the organization structure. The new arrangements seek to integrate and to create joint problem-solving across organizational boundaries, administrative levels sectors and policy areas.

Second, *context matters*. The new governance arrangements are related to the surrounding political and administrative environments. There is no ‘best practice’ that would work everywhere for all tasks or a panacea that can be easily copied from one context to another. Adaptation to the local context matters (Pollitt, 2013). It makes a difference whether we are facing a high-trust or a low-trust context, low corruption or high corruption, a good financial situation or a bad one and a consensus-based or confrontational policy style.

The challenge is to relate new governance arrangements to specific types of context.

Third, *politics and power* matter. New governance instruments are not value-free technical and 'neutral' administrative tools. Smart governance arrangements are often political, involving power relations. They address efficiency and effectiveness, but also issues of participation, trust and political control. It is not only about governance capacity but also about governance legitimacy (Lægreid & Rykkja, 2018). It is necessary to take politics into account when designing smart governance arrangements. Support from key stakeholders is necessary, and a balance of expertise and representativeness is important for the appropriate design and successful implementation of new governance practices.

Fourth, a *mixed political-administrative system* matters. Choosing the appropriate mix of basic governance mechanisms is crucial for smarter governance. Networks and partnerships normally operate in the shadow of hierarchy. New governance arrangements are typically supplementing existing arrangements, producing a layered and more hybrid and complex public administrative apparatus. Agility, adaptation, institutional syncretism and system maintenance are more typical than radical change (Greve, Lægreid, & Rykkja, 2016).

Fifth, *process* matters. High motivation and leadership are vital. However, changes cannot be based on a top-down mechanism alone. Successful implementation of a coordination instrument requires involvement by stakeholders (Greve et al., 2016). It is generally difficult to join together distinctive cultures of different organizations that need to cooperate. However, shared culture and common interests make coordination easier. Thus, not only external motivation by incentives but also intrinsic motivation by socialization and professional integrity matters.

Sixth, *resources* matter. Adequate resources are needed for successful governance arrangements. Working across organizational borders is a resource-demanding process (Lægreid et al., 2014). The working of complex coordination arrangements cannot be taken for granted, and the initiators of new practices should be aware of costs related to such initiatives. Extra resources are necessary not only for the establishment of a new coordination instrument but also for its smooth



running on an everyday basis. It would be wise to consider carefully the combination of different kinds of scope and intensity given to a specific coordination arrangement.

Seventh, *accountability* matters. Accountability for joint results is a key issue when creating new governing initiatives. Accountability relationships tend to become increasingly complex and hybrid when government acquires a horizontal and multilevel character (Olsen, 2017). It is necessary to go beyond traditional hierarchical accountability relationships and to allow for more horizontal accountability. Accountability issues are also related to performance targets. Transboundary targets and interorganizational coordinating arrangements face the risk of being downplayed by vertical hierarchical steering and accountability.

Eight, *impact* matters. There is a lack of reliable data about effects and results of new governance arrangements. Effects are often promised or assumed but seldom well documented (Pollitt & Dan, 2013). New governing instruments often tend to show mixed results, unexpected consequences and side effects. To minimize such effects, new governing practices should be carefully designed and grounded on realistic goals and expectations. A gradual introduction of new initiatives might be useful. The introduction of new governance practices may be considered a learning process for which both feedback and assessment systems are necessary to provide reliable knowledge of effects.

Ninth, *time* matters. The launch of a novel governance arrangement cannot be considered a quick fix to complex problems. It is often necessary to go beyond a short time perspective to achieve a smarter governance system (Boston, 2017). Building new governance practices is a matter of patience, and effects cannot be expected within short budget and election cycles. Unexpected conditions can also change the implementation of governance reforms. The development of new governance practices is often a moving target that requires adaptability of participants and consistent steering by leaders.

Summing up, *diversity* matters. New governance arrangements vary both in scope and in intensity (Boston & Gill, 2011). One can distinguish between temporary and permanent arrangements,

policymaking and implementation, type of actors involved, horizontal and vertical arrangements and different targets. These arrangements might realign organizational borders, creating formal or informal partnerships, be mandatory or voluntary and vary from shared responsibilities to shared information. This diverse landscape makes it necessary to specify what kind of arrangements is addressed. One arrangement does not fit all.

The conclusion is that one should be careful not to oversell new smart practices. They work under specific conditions and circumstances, but a humble approach might be wiser. We have to go beyond generic macro-level theories to understand the emergence of new smarter governance arrangements and how they work in practice (Christensen & Lægreid, 2016). Meso-level theories that take the contextual features into account are probably more fruitful. Single-factor explanations face considerable limitations. Instrumental and deliberate design by political and administrative executives is constrained by cultural factors and historical-institutional traditions as well as by polity features and environmental factors.

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## CHAPTER 11

# WHAT DO WE TALK ABOUT WHEN WE TALK ABOUT HYBRID GOVERNANCE?

*Eva Sørensen and Jacob Torfing*

Hybrid governance can be defined as a governance arrangement that combines elements of well-known and often lone-standing governance tools such as hierarchies, markets, self-governed communities and cross-boundary networks and allows the various elements to coexist and merge in a relatively coherent way. Fortunately, we seem to have entered a period in which the ideological belief that there is one best way to govern society and the economy is being replaced by pragmatic experimentation that mixes and matches governance tools in order to obtain a desirable result. This short piece reflects on the significance, consequences and evaluation of hybrid governance arrangements and sets forth some future research tasks.

### **11.1 The Rise and Significance of Hybrid Governance**

For some time now, hierarchies, markets, self-governing communities and cross-boundary networks have been regarded as coexisting. Depending on the context and the nature of the problem or task, each of these governance tools may appear to have a particular comparative advantage that helps to produce an efficient and effective solution. As a rule of thumb, the exercise of public authority calls for hierarchical governance; the delivery of standardized services is provided most efficiently by markets; problems such as crime protection, child obesity and lack of social well-being that require solutions based on proximity, empathy and solidarity should be addressed by self-governed communities; and the creation of innovative solutions to wicked problems is

a task for governance networks (Torfing, Peters, Pierre, & Sørensen, 2012).

Today, this contingency theory no longer provides a universal guide for decision makers aiming to govern our increasingly complex and fragmented societies. Since each of the different governance tools has a specific set of merits and problems, we often see attempts to combine different governance tools in order to obtain all the combined benefits, in the hope that the problems of one governance tool will be compensated for by the merits of another governance tool.

The different governance tools may each have a comparative advantage in a particular phase of public problem-solving. Hence, when pushed to the extreme, it is no longer uncommon to find a public governance arrangement in which elected government sets the agenda and the overall direction for public problem-solving and creates a platform for a plethora of public and private actors to form a network that generates new and innovative solutions that are subsequently endorsed by political and administrative authorities. In the production and delivery of the new solutions, private for-profit companies may deliver standardized products or services, while public-private partnerships design, construct and maintain relevant infrastructures and community actors provide access to local skills and resources. Public administrators, or third-party monitoring agencies, help to keep track of the results, and the adaptation of the new solutions to unforeseen events is negotiated among all the involved actors.

Hybrid forms of governance tend to vary in terms of which and how many governance tools they combine. They also vary in terms of their relative coherence and level of integration. Finally, although hybrid governance arrangements tend to be a result of intentional design based on adaptive learning, the role of trial and error and chance discoveries will also vary.

### **11.2 Consequences of Hybrid Governance**

It is important to assess the consequences of hybrid governance arrangements for public governance as a whole. The contributions in the first half of this book seem to support the claim that hybrid governance tends to produce 'soft governance' (Moos, 2009).

Hence, the involvement of different kinds of public and private actors in the different parts of hybrid governance arrangements means that 'hard governance' based on legal regulation, order giving and incentives loses its foundation in public authority and gives way to a 'soft governance'-based orchestration of action, relational coordination, voluntary standards, mediation, storytelling and transformational leadership. By shaping the identity and behaviour of social and economic actors, including users and citizens, these forms of governance can be quite effective.

As hinted at earlier, it is expected that the skilful combination of different governance tools, which each have different merits, will improve the overall quality of governance. Problems and blind spots associated with a particular lone-standing governance tool are compensated for by combining it with another governance tool. Contract-based partnerships that may foster opportunistic behaviour are combined with collaborative interaction, or a hierarchical display of public authority that may alienate people with social needs is combined with mobilization of local communities that provides trust and solidarity.

What we must not forget is that the enhanced quality of public governance that tends to increase the output legitimacy of the public sector is accompanied by a deepening of democracy that tends to increase the input legitimacy of public governance. Hence, in relation to hybrid governance arrangements, citizens are able to participate not only as voters in regular elections but also as customers with exit and voice options in quasi-markets, as members of NGOs participating in networks and partnerships and as volunteers providing community services to their fellow citizens. Thus, the number of channels through which citizens can influence their daily living conditions has expanded, although it can be difficult to determine exactly how much influence can be achieved in and through the different forms of participation.

The dark side of hybrid governance is that the overall complexity of public governance is greatly increased through the combination of two or more governance tools in the same hybrid governance arrangement. Governance tools informed by different operational and behavioural logics are interlaced in the production of joint outputs

and outcomes. The potential and combined benefits are enhanced, but so are the potential problems and failures. Many things can go wrong, not least in the coupling between different governance tools, thus increasing the vulnerability of public governance. When hybrid governance fails to produce the expected results, or creates unforeseen negative externalities, it is difficult to hold the responsible actors to account.

The risk of failure means that hybrid governance arrangements must be carefully managed through reflexive second-order 'metagovernance' (Sørensen & Torfing, 2009). The new research on hybrid governance seems to suggest that metagovernance is not only concerned with framing, institutionalization, process management and participation in relation to specific forms of governance but also involves the choice, combination and constant management of interactions between different governance tools.

Finally, an important consequence of hybrid governance is that it challenges the role perceptions of key actors. Public and private actors involved in hybrid governance cannot go it alone but must be open to collaboration and power sharing. In societies characterized by administrative silos, clear sector divides and strong organizational boundaries, turf wars and reluctance to give other actors the space they need to perform may undermine the prospects for hybrid governance.

### **11.3 Evaluating Governance Innovation**

A key challenge for researchers and practitioners is to evaluate hybrid forms of governance. The relative success of hybrid governance arrangements should be measured against the desired outcomes in terms of their ability to mobilize actors and harness complexity in the production of efficient and effective solutions over which there is broad-based ownership. The chapters in this book indicate that the high expectations of hybrid governance are not always met in reality, but here we should remember that hybrid governance is a type of innovation and that innovations often fail in the first iteration before they are adjusted and adapted through processes of experiential learning (Torfing, 2016). Thus, it might be wise to treat the formation of hybrid governance as a design experiment in which the overall goals



and expectations are agreed on and the innovative governance design is tested, assessed and redesigned through a series of iterations until expectations are met.

#### **11.4 Future Research Avenues**

Hybrid governance is likely to become a key topic in future research.

In particular, three key research tasks deserve further attention.

First, the big question is how to articulate different governance tools so as to avoid conflicts and create synergies. The study of ‘pluricentric coordination’, defined as a process of mutual adaptation in decentred contexts (Pedersen, Sehested, & Sørensen, 2011), offers a promising way forward in this respect. Second, the question of scaling is crucial. Hybrid governance at the local level might need to be scaled up to the regional or national level, thus expanding the strategic horizon of the involved actors to deal with pressing problems. The dynamics and challenges involved in such scaling processes need careful analysis (Ansell & Torfing, 2018). Finally, since the proof of the pudding is in the eating, we need to study whether governance innovation actually helps to produce service and policy innovations that enhance public value production (Hartley, 2005).

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## CHAPTER 12

# HYBRIDS: SMART, DUMB, SOLUTION OR PROBLEM?

*Janine O'Flynn*

### **12.1 Hybridity: Wrestling with the Beast**

Hybridity is nothing new. Public management scholars have become increasingly interested in the idea – as is evidenced by the collection of studies here – however, this is not the first wave of hybridity studies in our field. The authors here draw out a fascinating range of theoretical and practical tensions and questions through their exploration of the links between hybridity and smarter governance. In doing so, they also provoke many new (and old) questions that we need to explore to develop our understanding of hybridity. It is also important that we start to get much more connected to rich interdisciplinary literature that can help our field to advance our understanding of hybridity.

Hybrids have been described in many ways – as mixes, something in between or neither one nor the other. For sociologist Heydebrand (1989) hybrids are the interpenetration of markets and hierarchies; for economist Williamson (1979) they are neither one nor the other but rather an intermediate form that combines aspects of both. Williamson (1991) described how forms such as long-term contracting, reciprocal trading, regulation and franchising were all examples of hybrid governance (Williamson, 1991). Hybrids, he argued, sacrifice some advantage of markets and hierarchies in these more intermediate forms. In management and organizational studies, writers such as Ouchi (1980) explored neither one nor the other idea, which developed into his concept of clannish governance approaches – neither markets nor hierarchies but perhaps networks; this idea served as an inspiration for a generation of network scholars.

Amid the market-based reforms of the 1980s and 1990s, scholars studying the transformation of public services drew on ideas of hybridity to help them explain and describe how governance forms were changing. More market-like practices were emerging, but hierarchies (and bureaucracies) remained steadfast, producing a range of tensions in these new ways of governing. When the balance of the market-hierarchy mix tipped towards markets, Menard (1995) argued that quasi-markets developed. And work by Vincent-Jones (1997) drew out in much more detail the various forms of hybrids that were emerging, especially in studies of reforms in local government in the UK, where he made the case that quasi-markets were a peculiar form of hybrid.

Hybridity has long lineage we can engage in. And we do need to engage much more with the rich strands of thought from other disciplines and look back and reflect on some of the early work on hybridity that emerged as large-scale, even paradigmatic, changes took place in the practice of public management.

## **12.2 Hybridity and Complexity**

In this collection, the authors deploy hybridity to explore complex, sometimes wicked problems. These examples illuminate the increasingly hybrid nature of how we practice the craft of governing. The authors draw out the potential for hybrid forms to help in addressing the challenges – hybrids as the smart solution. But need hybridity be so intimately linked with complexity? Could hybrid forms also be smart solutions to simple problems? Contingency and working out what works, and when, seems to be an important part of the age of hybridity.

It may also be the case that when hybridity and complexity meet, we create new problems, or exacerbate existing ones. This is not because we have dumb rather than smart solutions but because the complexity of hybrids themselves can mask toxic dynamics that can emerge when markets and hierarchies meet. Here we need to look to what emerges when we get the worst of both worlds, not the best. Koppenjan, Termeer and Karré in their introduction to this collection note that hybrids may become “destructive and counterproductive” (Chapter 1). In their concluding chapter, they also note that hybrids

are not just magical marriages but may also be monstrous combinations (see Chapter 13).

My forthcoming work on 'markets for misery' shines a spotlight on these points, especially the claim that hybridity can combine the worst aspects into governance approaches that are neither smart nor solutions but that are catastrophic in their effects (O'Flynn, forthcoming). This is especially the case when we move into some of the most complex, wicked problems confronting societies. In areas of extreme misery and misfortune such as irregular migration (borders and detention) and justice (prisons and probation), I argue that not only do hybrid forms enable exploitation but that they give rise to acute and pressing moral dilemmas. This is because they join together the forces of depersonalization, dehumanization and commodification, which creates toxic, destructive, monstrous combinations, not smart, adaptive, problem-solving hybridity.

### **12.3 What Is Next?**

In the best of worlds, hybrid governance forms enable us to develop adaptive, smart solutions to complex problems. But this is only part of the story. In the worst of worlds, hybrid forms can be malevolent, a vehicle that enables the exploitation of misery and misfortune through the joining together of the worst features of markets and hierarchies. As we continue to develop our understanding of hybrid forms, and move further into the age of hybridity, we must be able to account for the problems and challenges of hybridity, not just the smart solutions they may offer. Will hybrids help us to solve some of the most complex challenges societies must contend with? Very likely. Will hybrids amplify some of these challenges and produce not just moral questions but further misery and misfortune? Undoubtedly.

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## **CONCLUSION**





## CHAPTER 13

# COMPARING NEW HYBRID GOVERNANCE ARRANGEMENTS: BETTER AND SMARTER?

*Joop Koppenjan, Katrien Termeer and Philip Marcel Karré*

In this book, we presented the findings of five studies on a variety of hybrid governance arrangements that deal with wicked problems challenging today's society. In chapter 1 we introduced the concept of smart hybridity to characterise these new arrangements. As many of the international contributors to this volume acknowledge, the shift towards hybrid governance is an important and generic international phenomenon (cf. O'Flynn, Chapter 12). At the same time, hybrid governance arrangements may take many forms, and the nature and direction of the development towards smarter hybridity is not yet clear, nor well understood (Koliba, Chapter 9). Hybrid governance arrangements are not necessarily new, but the context, nature and scale of the use of hybridity have evolved over time. The theories and concepts at our disposal to analyse, understand and manage hybrid governance arrangements are still poorly developed. Moreover, our empirical knowledge about the phenomenon is limited (see Howlett, Chapter 8; Koliba, Chapter 9). This book aims to contribute to the development of this knowledge by looking at new hybrid governance arrangements in practice. More specifically, we examine the extent to which these arrangements meet the promises of tackling wicked problems in a better and smarter way. We do not address the question of whether hybridity in governance arrangements is a good idea by itself (as we see hybridity as an ongoing development that will not stop) but rather how these arrangements can be characterized, what mechanisms drive them, how they are managed, and what their

effects are. Overall, we aim to determine whether these hybrid governance arrangements are really smart and hence whether they have indeed mastered the challenge of smart hybridity. However, as Koliba (Chapter 9) rightly argues, the concept of smartness is, like hybridity, not without problems, since it also is weakly conceptualized. In dealing with criticism, we propose four categories of values to assess the smartness of hybrid governance arrangements. First, smart hybridity refers to arrangements and strategies that are both effective and efficient. They are smart in the sense that they avoid the high costs of large-scale reforms, by being incremental and tailor-made, and by using resources and opportunities that are already available. Second, information and information technologies play a prominent role in governance in the digital age. Innovative ways of using social media, digital platforms, or information disclosure systems are an important asset of smart governance arrangements. Overall, this should result in innovative, informed and evidence-based solutions. Third, besides being effective and efficient, other public values must also be adhered to the concept of smartness, such as (democratic) legitimacy, equality, rule of law, representation, participation, empowerment and ownership. Fourth, in light of uncertainties and volatility that characterize wicked problems and the erosion of trust in societal institutions, sustainability and resilience are important values to be realized as well.

The analyses of smart hybridity as presented in this book (Chapters 2-6) are based on research projects conducted as part of a multi-year research programme into smart governance. For these research projects, experiences with new hybrid governance arrangements in diverse policy areas were studied. An international perspective was adopted, either by studying international, trans-boundary practices, by making comparisons between practices in various countries or by putting Dutch cases in an international perspective. The studies of the governance practices and policy areas as presented in the various contributions to this book combine to create an overview of the variety of the playing field and the diversity of new hybrid governance arrangements with which today's complex societal challenges are tackled.

Despite their variety and diversity, these new governance arrangements share a number of characteristics. They are utilized to tackle complex, wicked problems that involve a lack of consensus about their nature, causes and suitable solutions. Wicked problems also transcend organizational boundaries and administrative levels, that is, they cannot be resolved by any one administrative actor (Head & Alford, 2015; Klijn & Koppenjan, 2016). Since they also cut across the borders of societal domains, they require collaboration with other social partners (*e.g.* citizens, societal organizations and businesses). Wicked problems are increasingly common in our rapidly changing society, in which society places heavy demands on government and its capacity to deliver, while at the same time there is strong polarization and a loss of trust in existing institutions. The new governance arrangements that were studied for the contributions in this book strive to deal with these challenges in a context of uncertainty, ambiguity, volatility and limited resources. Instead of large-scale reforms, they involve mostly incremental changes that take place alongside existing forms of governance. Even in the case of the large-scale social care reform in the Netherlands, the hybridity of arrangement emerged on the shop floor, as a result of local actors trying to cope with the implications of the reform. The new, hybrid and smart governance arrangements complement, react to and compensate for the downsides of existing governance modes or other (large-scale) interventions, and in doing so bring about substantial and transformative changes with limited effort (compare O'Flynn, Chapter 12).

In this concluding chapter, we compare the findings pertaining to the various practices of new, hybrid and smart governance arrangements as described in the five empirical contributions (Chapters 2-6). We do so with the help of the questions formulated in the introduction:

1. What is the nature of these new hybrid governance arrangements used to address complex societal challenges, and what characteristics do they share?
2. What assumptions and mechanisms form the foundation of these new hybrid governance methods, and how have they manifested themselves in practice?

3. In what way do the new hybrid governance arrangements contribute to solving complex challenges, and to what extent are they actually smart, in terms of effectiveness, innovative use of information systems and enhancing and safeguarding public values like legitimacy and resilience?

In comparing the findings of the empirical chapters, we build on the reflections of internationally renowned governance scholars from various countries in different parts of the world (Chapters 7-12) that put the empirical studies perspective and enrich our reasoning regarding smart hybridity.

### **13.1 What Characterizes the New Hybrid Governance Arrangements?**

Sørensen and Torfing (Chapter 11) define what we in this book understand to be smart hybridity as “a governance arrangement that combines elements of well-known and often lone-standing governance tools such as hierarchies, markets, self-governed communities, and cross-boundary networks and allows the various elements to coexist and merge in a relatively coherent way”. The contributions in this collection all show characteristics of such mixtures. Furthermore, they all deal with innovations in governance that are designed to tackle the wicked problems that transcend existing organizational boundaries and administrative levels. The governance arrangements described here are focused on coordinating the behaviour of parties from various sectors, domains and administrative layers. They are all a response to the inadequacy of traditional forms of government (hierarchy, market, networks, self-governance) – sometimes because these are simply ineffective or too expensive, sometimes because the scale of governance does not match the scale of the issues at hand and sometimes because government is underperforming or even absent, as at the start of a crisis situation, as described in the contribution by Boersma et al. (Chapter 2). The governance arrangements pertaining to regional collaboration, described in the contribution by Schaap et al. (Chapter 5), and private self-governance in global value chains, described in the contribution by Termeer et al. (Chapter 6), are explicit attempts to fill institutional voids (*see* Hajer, 2003; Stephan, Uhlaner, & Stride, 2015).

The use of client networks in the social care domain, described in the contribution by De Roo et al. (Chapter 4), is a response to overly expensive and inefficient traditional provision of social care. Public private partnerships in delivering and managing public infrastructure, described in the contribution by Koppenjan et al. (Chapter 3), is inspired by the belief that the government cannot do a good job on its own.

The governance arrangements described here strive to provide better and more suitable solutions for complex societal issues by mobilizing other social and private resources, since it is apparent that governance models based solely on hierarchy, market, networks or societal self-governance fall short. The new governance arrangements combine the potential of these models in order to deal with the complexity and dynamic nature of today's governance challenges. For example, public-private partnerships for the development of infrastructure tie into the market model, yet contracts need to be supplemented with regulation and (network) collaboration (see Chapter 3). The contributions about global value chains and public-private partnerships (Chapters 6 and 3, respectively) show that the sole use of market instruments leads to opportunistic behaviour and that network and hierarchical governance must be utilized as well. In the case of urban regional governance (Chapter 5), network governance leads to a democratic shortage, whereas societal or hierarchical governance could have beneficial effects. Finally, the contributions on self-governance in the social care domain (Chapter 4) and during crisis management (Chapter 2) show that professionals often play a prominent role in informal care and that citizens' social media platforms become more effective when professional emergency services and governments use them as well.

Therefore, the one characteristic that all forms of smart governance discussed in the various contributions have in common is their hybrid nature (Brandsen & Karré, 2011; Johanson & Vakkuri, 2018; Karré, 2011; Skelcher & Smith, 2015): they combine the institutional logics of government, market and third sector. That is often done deliberately, but it may also be a result of sedimentation (Christensen & Lægreid, 2010; Emery & Giauque, 2014; Koppenjan, 2012; Streeck & Thelen, 2005). Although old governance modes make way for new

ones, there is never an entirely clean break with the past. For example, in the 1990s, when there was a focus on a business-like government, classic core values of traditional public administration, such as equality, rule of law and democracy still applied. Today, we continue to expect the government to use its available resources well and set up its services in an efficient and effective manner, in addition to being responsive to our wishes as a society.

At the same time, it can be observed that hybrid arrangements differ from each other. They combine different logics in different ways, with different intentions and probably different implications too. The study of hybridity should take these differences into account and focus on unravelling the dynamics and implications of the specific combinations of governance modes and logics, as, for example, Karré (2011) has done in his study of hybrid organizations, which each have their own and distinctive hybrid thumbprint and hence level of hybridity on a variety of dimensions. What the effects are of hybridity and whether its strengths or weaknesses are dominant depends on the specific characteristics of the hybrid in question. This asks for a nuanced view of hybridity that goes beyond seeing it purely as a risk or as an opportunity: it is often both.

The contributions show that the search for new and smart governance arrangements is not merely a Dutch affair, of course. Family group conferences were first introduced in New Zealand. Design, build, finance, maintain and operate (DBFM(O)) contracts for public-private partnerships are based on the UK's example, which has since been adopted by countless other countries. Information platforms established by citizens appear all over the world during times of crisis. Similarly, the struggles with the question of regional governance and the certification of trade chains are international concerns as well.

### **13.2 What Are the Mechanisms behind the New Hybrid Governance Arrangements?**

What mechanisms characterize the new governance arrangements described in this book? How do these relate to, for example, scientific theories and society's dominant views on governance? Two of the governance arrangements that were studied have been strongly

influenced by new institutional economics and thinking in terms of market instruments, as they were propagated in the 1990s under the label of New Public Management (NPM). For both the governance of global value chains and the development and maintenance of public infrastructure contracts, market stimuli and a focus on performance play major roles. Perhaps this is because these governance methods became popular during the heyday of neoliberalism and the New Public Management philosophy. Whereas the context of the certification of international trade chains was strongly affected by the world of business, government dominated the development of the DBFM(O) practice in the Netherlands by defining the public projects and limiting the opportunities for collaboration.

The new governance arrangements also appear to be influenced by ideas from more sociologically oriented governance and network theories, which are often grouped together under the term of New Public Governance (NPG) these days (Bryson, Crosby, & Bloomberg, 2014; Koppenjan, 2012; O'Flynn, 2007; Osborne, 2010; Torfing & Triantafillou, 2013; *see also* Koliba, Chapter 9). Forms of contractual governance are supplemented with relational contracting, discussion, round tables, and so on with the intention of committing parties to shared goals and collaboration. This type of governance is therefore less about realizing predefined agreements and targets and more about facilitating learning processes, discovering and realizing shared interests and dealing with shared challenges. Whereas traditional governance makes use of predefined targets and performances, this new way of working allows for a greater degree of flexibility.

For the trade chains discussed in the contribution of Termeer et al. a third mechanism played a major role: public accountability. The certification's label contributes to the traceability and visibility of the performances of the various links in the chain. In part, this ties into the neo-institutional philosophy that suggests citizens are rational actors that factor information regarding quality and sustainability into their purchasing behaviour. However, it also allows interest groups to use the media and public campaigns to put pressure on corporations and chains and therefore utilize societal governance mechanisms to affect the performance of trade chains.

The urban regional partnership arrangements discussed in the contribution of Schaap et al. can be placed in the tradition of governance and network approaches, with the addition of ideas from New Public Management. The partnerships were solutions to the question of how local governments might voluntarily enter into arrangements when it comes to regional planning and economic development. Various private-law forms of organization are utilized, up to making policy development and implementation the almost exclusive responsibility of a non-governmental foundation. These hybrid urban regional governance arrangements could develop in a number of directions (although this is mere speculation): institutional tripartite functional governance, fully public governance with implementation outsourced to private entities or robust horizontal public-private agreements.

The governance practices pertaining to family group conferences in the social care domain (De Roo & Jagtenberg, Chapter 4) and Internet platforms used in crisis management (Boersma et al., Chapter 2) focus on the mobilization of citizens and their resources and competences. This suits our modern times with its increased focus on self-governance and citizen initiatives as a result of the failure of the government and the market. These ideas on self-governance have a long history, but they became especially *en vogue* during the financial crisis. Government-propagated ideas and policy programmes pertaining to the big society, the strength of citizens and a do-it-yourself democracy tie into this (Blond, 2010; Delsen, 2010; Jordan, 2010). Many problems and challenges are too much for the government, market mechanisms and networks to handle, and hence they will have to be resolved by citizens and social organizations. With the help of proper training and the emergence of new information systems and technological innovations, they are increasingly up to the task (Bolívar & Meijer, 2016). This also offers a solution for governments, which lack the financial resources to face today's societal issues on their own.

The governance mechanisms that characterize the examples discussed in the various chapters reflect various theoretical notions about governance. The aforementioned consideration shows a shift from coercion and control to a more enabling approach. There is also



more focus on a relational, sociological and political form of governance, moving away from the rational 'homo economicus'. There is a focus on public values and trust but also on power relations and irrationality (Lowdness & Roberts, 2013; O'Flynn, 2007; Peters, 2019). At the same time, self-governance and self-organization appear to be an important common ingredient: it is shared by family group conferences, regional governance, crisis management, trade chains and private-public partnerships. Howlett (Chapter 8) mentions four collaborative techniques: co-production, certification, contracting and commissioning. In all cases, the governance arrangements strive to create room for other, non-government parties to make an optimal contribution to the co-production of solutions and services based on self-organization (Brandsen & Pestoff, 2006; Koliba, Meek, & Zia, 2018; Nederhand, Bekkers, & Voorberg, 2016).

### **13.3 Are the New Hybrid Governance Arrangements Smart?**

In the preceding sections we concluded that the new governance arrangements described in this book were indeed hybrid. Now we turn to the question whether these hybrid arrangements are really smart. To what extent do they meet expectations, and what exactly are those expectations? Has there been an increase in effectiveness? Do they provide a solution for the erosion of the legitimacy of institutions and contribute to a more resilient society? Is innovation with information technologies realized? The contributions in this collection provide answers to these questions.

#### *13.3.1 Effectiveness: Are New Governance Arrangements Smart Enough?*

An important expectation attached to these new government arrangements is that they are more effective than traditional approaches. The effectiveness of urban regional governance, as researched by Schaap et al., strongly depends on what the parties involved choose to consider the important aims of their collaboration. These aims vary among the various cases of urban regional governance studied. What the various cases have in common is that a high degree of output legitimacy is reported. Apparently, hybrid urban regional governance can indeed be quite effective. The local citizen initiatives for crisis management, described in the chapter by Boersma et al., are also valued

for their contributions to the provision of emergency aid in situations where governments and NGOs fail to provide all that is needed. Nevertheless, the question remains as to whether the upscaling of these platforms practices can be successful and whether these practices will result in successful collaboration with governments. The performance of public-private partnerships for the development of public infrastructure tend to vary. The practice of family group conferences and client networks is still in its infancy, and hence it is too early to call it a success or a failure. Lastly, the successful development of certification systems for global trade chains has already contributed to sustainability targets, although that contribution now appears to be stagnating.

If we make a distinction between the successful introduction of new governance arrangements and their ultimate performance in order to determine their effectiveness, we can say that regional governance, trade chains and public-private partnerships have had a successful and therefore effective implementation. This applies to a limited extent to family conferences and citizen platforms during crises, since their level of institutionalization is still low. It is possible that new smart governance arrangements have to go through a learning curve. After a difficult – or successful – start, the question remains as to the extent to which the parties involved can manage to consolidate or scale up the new practice. If they succeed, an increase in effectiveness is to be expected. However, the case of the certification of trade chains shows that it is also possible to reach a point at which mainstreaming, institutionalization, and standardization result in diminishing returns. It is quite possible that the effectiveness and smartness of governance arrangements are limited by time, that is, that they are smart only for a certain period.

### *13.3.2 Innovation and the Application of Information Systems: More Innovative Products and Services?*

Most of the discussed governance arrangements show high knowledge intensity and new ways of using information. In the case of the information platforms used during crises and the certification of international value chains, information systems and the exchange of data are core elements of the new governance arrangement. They are

a major factor in the exchange and utilization of information during governance processes. At the same time, the case of the certification in international value chains shows that information systems and the use of information are not neutral but are strategically employed by the parties involved. The challenge is therefore to realize safeguards during the design and use of these systems that also guarantee parties' trust in the systems. In the case of the public-private partnerships (PPPs) for infrastructure projects, information and the information exchange between the public client and the private contractor are crucial aspects. Typical patterns can develop in principal-agent relationships under the influence of information asymmetry. Information systems, standard contracts and standardized assessment tools are attempts to streamline the information and minimize differences in interpretation and transaction costs. Nevertheless, these instruments and the strategic ways in which they are utilized are not immune to criticism. The discussions about the correct interpretation of contract clauses are infamous. It is also notable that in the Netherlands the monitoring system to track the performance of PPP projects has been placed in private hands, undermining the independent and reliable assessment of the performance of these projects. These PPP projects are characterized by a high degree of knowledge intensity, as well as disagreement on and mistrust of knowledge. Information and information sharing are also important factors in the social care sector. This is similarly plagued by problems concerning the reliability of information, for example regarding accountability and payments. It leads to more bureaucracy, which in turn can jeopardize the effectiveness of the new governance arrangements. In the case of regional governance, information and knowledge are major factors in the substantiation of regional plans and activities. The credibility of the substantiation of plans and projects poses a significant challenge for the parties involved, especially in light of the distance between local actors and politicians, on the one hand, and the planning and decision-making at the regional level on the other.

The new governance arrangements discussed in the various contributions can all be seen as examples of social innovation (Brandsen, Evers, Cattacin, & Zimmer, 2016; Cels, Jong, & Nauta, 2012; Mulgan, 2007, 2015; Tollefson, Zito & Gale, 2012) because actors interact with each other in new ways. However, do these new practices also result

in new and innovative products and services? IT platforms, the self-governance of trade chains and family group conferences can be cited as positive examples, although the articles also show that the innovations in public-private partnerships disappoints and that the innovations in trade chains results in the perpetuation of existing interests. The mainstreaming, institutionalization and standardization of new arrangements may even imply that further innovation is no longer to be expected: in the contributions in this volume it is, for instance, argued that further improvements to the sustainability of production and trade chains will likely occur only outside the certification industry and that future-proof public infrastructure based on smart information technology or high-tech solutions such as autonomous vehicles will not be realized with DBFM(O) contracts.

### *13.3.3 Legitimacy: For Whom Are the New Smart Governance Mechanisms Actually Smart?*

A leading thought behind the introduction of new smart governance arrangements was that its increased effectiveness would also result in more legitimacy for governments and institutions. Legitimacy in this reasoning, apparently, is equated to output legitimacy; effectiveness results in more support. However, the question is whether effectiveness and legitimacy are always directly related. The contribution on urban regional governance offers some support for this belief: these governments have support because they are effective; that is, they have output legitimacy (Scharpf, 1997). However, output legitimacy is only one form of legitimacy. Legitimacy also depends on the involvement of democratically elected representatives and of affected stakeholders. The question of legitimacy as such is hardly being asked in the process of creating regional governance arrangements, and citizens and local politicians are only marginally involved. This may eventually put regional collaboration at risk.

There is yet another reason why effectiveness does not necessarily enhance legitimacy. The definition of 'effective' may vary depending on the position of the parties involved. New governance arrangements are not necessarily beneficial for everyone. Users, citizens and politicians are generally at a distance whenever governments and corporations collaborate on the development of infrastructure.

Small-scale producers often lack the necessary resources to meet the requirements of certification systems and are therefore at a disadvantage. Internet platforms are set up during times of crisis by the more self-reliant citizens, and direct attention and assistance towards the areas where they live. As a result, these platforms often do not provide information about the most vulnerable regions. Citizens and social organizations have to struggle to get involved in regional partnerships. Vulnerable clients have difficulty organizing their own care. Attempts to safeguard their position often put professionals in a central role, at the expense of clients and citizens.

So hybrid arrangements may result in an unequal allocation of values. O'Flynn (Chapter 12) describes how the use of hybrids in cases 'of extreme misery and misfortune' may reinforce depersonalization, dehumanization and commodification, and give rise to pressing moral dilemmas.

Legitimacy and trust are based on commitment, involvement, participation opportunities and the feeling of being a co-owner of a solution, service or governance practice. In that sense, tension exists between striving towards efficiency and effectiveness, on the one hand, and participation and legitimacy, on the other. It is not easy to solve these tensions. It is not possible to optimize goals such as effectiveness, innovation, legitimacy and resilience all at once. Given these contradictory requirements, the legitimacy of these new governance arrangements depends on the extent to which they succeed in striking a balance between these various requirements and prioritizing certain values over others depending on the situation at hand (Jørgensen & Bozeman, 2007; Veeneman, Dicke, & de Bruijne, 2009). This involves issues of democratic legitimacy, accountability and morality: who decides, and on what grounds, how these values should be balanced, and how and to whom account is given about this? (see e.g. Lægread, Chapter 10)

#### *13.3.4 Resilience: The Sustainability of Smart Hybridity*

New governance arrangements based on the notion of smart hybridity are also expected to lead to more resilience. The contributions suggest that hybridity and the call for self-governance reinforce the robustness of solutions and services, as well as the resilience of the

government and of society. The combination of governance methods and the involvement of corporations, social organizations and citizens means that more parties and resources are mobilized and deployed in order to deal with the complex challenges that our society faces. This leads to redundancy and synergy. It allows for the formation of various defensive lines and attack formations, which may reinforce each other. At the same time, practices also show that these expectations are not always justified; vulnerable groups are left in the cold by these governance arrangements. The arrangements often support and reinforce each other where they are already strong or in such a way that parties with a lot of resources and capabilities benefit, while weak parties and public values tend to be neglected or underserved. The governance challenge is therefore to deploy these arrangements in such a way that institutional voids are filled, weak areas are reinforced and public values and the interests of vulnerable groups are safeguarded. Smart hybridity in this sense is not about finding shortcuts that result in low-cost, short-term gains but about the development of legitimate, sustainable practices that allow for long-term and widely accepted solutions that contribute to trustful relationships (compare Koliba, Chapter 9 and O'Flynn, Chapter 12). In this respect, an important follow-up question to this research is, to what extent do hybrid arrangements remain successful over a longer period? Smart hybridity is not just about governing *by* hybridity, but also about the governing *of* hybridity. Hybridity can result in 'magical' marriages as well as 'monstrous' combinations (Jacobs, 1992; Howlett & Rayner, 2006; O'Flynn, Chapter 12). It has to be understood as a heads *and* tails issue, in the sense that benefits and risks most often are different sides of the same coin (Karré, 2011). That means the hybridity must be consciously recognized and managed.

#### **13.4 Next-Step Challenges: Complications and Dilemmas**

The contributions in this publication demonstrate that new hybrid governance arrangements do not necessarily lead to better results. In practice, those who implement them encounter complications and dilemmas. For example, major corporations are able to control the negotiations concerning certification systems, since the system will not function properly without their collaboration. Governments that

try to act as smart clients can be outsmarted by private parties that offer smart counter-steering in public-private partnerships. Citizen initiatives for crisis management can get in the way of professional emergency aid providers, while the latter often fail to fully utilize the potential of these citizen platforms. In hybrid urban regional governance arrangements, those involved face the choice of increasing their effectiveness by moving tasks to the regional level at the expense of the influence of local representative bodies and democratic legitimacy. During attempts to put clients and their networks at the centre of the provision of care, at the risk of asking too much from vulnerable clients and their families, the question remains as to who is ultimately in charge: the client, professionals or government officials.

Smart hybridity, therefore, does not necessarily or automatically result in better or smarter governance practices. O'Flynn (Chapter 12) even warns that hybrids, instead of providing solutions for wicked problems, could become the problem themselves, because they mask what she refers to as the 'toxic dynamics' when markets and hierarchies meet. Koliba (Chapter 9) states that forms of self-organization may also result in chaos or the perpetuation of 'fake news'. Moreover, the other international contributions to this volume mention, in line with the findings of the empirical studies, that hybrids confront the parties involved with new, unexpected and complicated dilemmas. The extent to which these parties succeed in meeting the expectations associated with these new governance practices depends on their capabilities and competences. Therefore, Howlett argues that the effective operation of hybrid governance requires actors and organizations involved to possess the capacity to manage them (Howlett, Chapter 8).

### **13.5 Beyond Government Arrangements: On the Importance of Learning and Responsiveness to a Plurality of Values and Ethics**

An expectation underlying the new, smart and hybrid governance arrangements discussed in this volume is that they have the potential to deal with the complexity, fragmentation and volatility of today's wicked problems. The studies in this collection reveal that these expectations are met to a certain extent. This, however, is not always

or necessarily the case. Therefore, the smartness of new hybrid governance arrangements should not be overrated (*see also* remarks on this by Howlett, Chapter 8 and Lægreid in Chapter 10). The studies of these arrangements show that although they are supposed to be smart, full stop, new governance arrangements are not necessarily smart for everyone and always come with new dilemmas and unintended side effects. After some initial or partial success, all of these new smart governance practices faced next-step challenges. This implies that these new governance practices require continuous reflection on the part of those who apply them, in order to monitor their impacts and adjust their functioning accordingly and in order to keep them on track and mitigate and correct their unintended by-effects.

What is also consistently notable is the fact that these new governance arrangements do not develop in isolation from existing and more traditional forms of governance and that new and older forms of governance have to find a way to relate to each other. Bringing in volunteers affects the role of professionals. Citizen initiatives during disasters must be coordinated with official emergency services and government activities. Public-private projects result in a call to focus less on the smartness of the contract and drastically change client-contractor relationships. Hybrid regional governance cannot simply break free from existing institutions of public law. Private certification systems must be reinforced by and complemented with government regulation (compare also Nederhand et al., 2016).

The new, smart and hybrid governance arrangements do not automatically solve the complicated issues the parties are confronted with in dealing with wicked problems and complex societal challenges. The reason is that these governance practices are not neutral instruments, but in applying them values are allocated (compare Koliba, Chapter 9). As Lægreid (Chapter 10) correctly emphasizes, “*politics and power matter*.” The contributions show that these instruments are often biased in the way they allocate these values. In the processes in which these governance arrangements are put into practice, actors are, to varying degrees, able to protect and pursue their interests. Strong parties, in particular, have more opportunities to operate in a smart manner and are often better able to learn quickly. New, smart governance practices, therefore, are not about simply applying an



instrument or arrangement but rather about new ways of governing that impose high demands on those in charge and must be accompanied by certain safeguards. Just like any other proposedly smart solution in any other context (*e.g.* smartphones, smart cities or smart grids) that promises to improve the quality of life, we have to remain cautious concerning possible drawbacks (Koliba, Chapter 9).

Dilemmas and competing values that are involved in new governance practices, as well as the diverse and dynamic contexts in which they are applied, mean that there are no standard prescriptions on what makes up the success of these arrangements and how they should be applied in order to mitigate those shortcomings and manage their hybridity. The variety of combinations of governance modes and of their contexts precludes generalizations. As Læg Reid (Chapter 10) states, no macro, general theory on hybridity exists, that might be helpful, given the particular, unique potentials, dilemmas and risks the specifics of hybrid combinations bring along.

The practices studied in the empirical contributions to this volume also shed light on the issue of the design of hybrid governance arrangements. They show that these arrangements tend to emerge as much as they are the result of intentional design. Even when designed, they end up being serendipitous recombinations of governance arrangements in response to the complexity of the circumstances and the context in which they are implemented (*see, e.g.* Christensen & Læg Reid, 2010; Tenbenschel, 2017). Læg Reid (Chapter 10) adds that deliberate design is also constrained by context: historical-institutional traditions, polity features and environmental factors. Sørensen and Torfing (Chapter 11) refer to this when they argue that hybrid governance arrangements tend to be a result based on adaptive learning, with an important role of processes of trial and error and chance discoveries. Therefore, it is also likely that they cannot be prescriptively determined from the outset. As far as design is concerned, Sørensen and Torfing (2016) suggest that smart hybrids be treated as design experiments. These experimental designs should include options for monitoring and evaluation, followed by either termination or adjustment or gradual upscaling and mainstreaming. This conforms to recommendations made by for instance Termeer, Dewulf, and Van Lieshout (2010), Termeer, Dewulf, Karlsson-Vinkhuyzen, Vink, and

van Vliet (2016), and Pahl-Wostl (2009) on reflexivity and adaptive learning as generic conditions for the success of new governance arrangements.

This imposes high demands on the capacities and skills of actors involved (compare Emerson, Chapter 7 and Howlett, Chapter 8). In addition to the willingness to collaborate and break free from the shadow of one's own organization, it also requires the ability to deal with changes and to keep learning. Emerson (Chapter 7) stresses the need to acknowledge the implication of hybridity for the capabilities of public managers and decision makers, also in education and training programs. Besides having design sensibility, skills like being able to engage in dynamic interactions, to function as integrators, to handle conflicts and to work in open and publicly accountable settings are important. Building on that insight, we would argue that given the complexity and the moral dimensions of the next-step challenges hybridity brings along, transparency, openness and accountability impose demands on the capabilities and ethics of those involved in hybrid governance. Smart hybridity should not be about bypassing administrative checks and balances, avoiding fair competition and participation in order to realize quick fixes, but should contribute to the realization of long-term and public values in a legitimate and sustainable way, enhancing trust and contributing to the resilience of the system.

The application of these new governance practices is also an organizational issue: How can public organizations be rearranged and managed internally in a way that facilitates new forms of hybrid governance and deals with them in an adaptive manner (Brandsen & Karré, 2011; Jessop, 2003; Johanson & Vakkuri, 2018; Karré, 2011)?

### **13.6 Conclusions: Towards Smart Hybridity**

Not all hybrid governance arrangements are smart, and not all smart arrangements are hybrid. We conclude this book with a summary of the features of governance arrangements characterized by smart hybridity, as described in the preceding chapters.

First, smart hybrids emerge as a more or less deliberate attempt to better deal with wicked problems that cross the boundaries of organizations, policy sectors, public-private domains and jurisdictions.

These hybrids combine not only modes of governance and instruments but also various governance theories, contexts and cultures and institutionalized practices. Hybrid governance thus inherently involves processes of transformative change including barriers and resistance of existing governance regimes and related power systems.

Second, the evaluation of the level of smartness of new hybrid governance arrangements inherently requires a variety of criteria and values: Does the arrangement in question work (effectiveness)? Does it use new information (systems) and does it realize innovations (innovativeness)? Is it legitimate and for whom (legitimacy and accountability), and does it result in sustainable practices that help in realizing solutions and public services that hold in the long term (resilience)? Hybrids that focus merely on effectiveness and efficiency thus do not qualify as smart, since they neglect the variety of values society expects governments to take into account in dealing with complex challenges and providing public services.

Third, smart hybridity is hard to grasp. Owing to inherent connections across scales and domains in complex societal systems, an arrangement that qualifies as smart today may evolve into tomorrow's problem. Therefore, a crucial characteristic of smart hybridity is the capacity to learn, to adapt and to respond to foreseen and unforeseen circumstances and trade-offs. Thereby, special attention needs to be directed to the risk that hybrids may mask negative drawbacks. Smart hybrids require smart organizations and smart governance actors. By smart actors we mean actors who are reflective, who can bridge organizational boundaries and logics and who have a strong moral compass that guides them in dealing with competing public values and moral dilemmas. Such actors are committed to working in open publicly accountable settings, in contrast to the smart people who 'created the mortgage derivatives market that led to the Great Recession of the late 2000s' (Koliba, Chapter 9).

Given bad experiences with opaque governance structures and failed hybridity, one can hold the position that hybridity is inherently problematic and that pure governance modes should be the norm. We believe that given the increasing complexity of both societal problems and governance systems, the question whether we want hybridity or not is a passed station. We now have to deal with the ques-

tion of how hybridity can best be governed and how smartness can be realized. Like Sørensen and Torfing, for example, we see hybridity as a pragmatic governance style, going beyond ideological gridlocks that stand in the way of new solutions and innovative services. We also agree with them that hybridity will not be a guarantee of success but that a pragmatic and experimental approach is needed. Since upfront knowledge about how to design smart hybridity perfectly does not exist, we should be prepared to learn, adapt and improve.

Seen in this way, the concept of smart hybridity provides practitioners within the public sector with a new perspective on how to deal with complex challenges and demanding assignments. It may help them to understand the tensions and dilemmas that need to be addressed in order to fruitfully manage the hybridity of the instruments and arrangements at their disposal and to fully use their potentials.

The concept of smart hybridity also sheds light on new avenues of research with regard to the limitations and potentials of these new governance arrangements and the requirements that their use imposes on public organizations, public servants and others involved. Many of our international contributors explicitly mentioned the need for more knowledge on hybrid governance and for research into its effect and conditions for success and failure. Building on the ideas set forth in the various chapters, but without the pretension of being complete, we suggest the following topics for future research into smart hybridity:

1. The possible and impossible combinations of various governance arrangements and the (toxic or magic) dynamics and added value these combinations bring about given the underlying mechanism and logics.
2. The specific next-step challenges and (moral) dilemmas that result from particular forms of hybrid governance and the strategies and coping mechanisms actors use to deal with them.
3. The further development of assessment models to evaluate the smartness of hybrid governance arrangements, more specially with attention to the use of information and (big) data, the plurality of public values involved, representation, participation, legitimacy, trust-building and accountability.

4. A life cycle analyses of hybrid governance arrangements, including their long-term effectiveness and sustainability and (conditions of) their termination, continuation, adjustment, upscaling, and mainstreaming.
5. The possibilities and limitations of deliberately designing hybrid government arrangements, especially the potentials of designing hybrids as experiments and the implications thereof.
6. The resources, capacities and skills of actors to successfully manage smart hybrid arrangements and deal with the (moral) dilemmas they encounter. This research might also address issues of supportive leadership, adaptive and learning capability and requirements for education and training.
7. The institutional conditions for the governance of smart hybrids, including the way public organizations are internally organized and managed to deal with hybrid arrangement. This research may also be aimed at making sectoral, regional and international comparisons to clarify how different contexts may impact on the evolvement and smartness of hybrid arrangements.

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