

# THE PERSPECTIVE OF NETWORK GOVERNMENT

## The struggle between hierarchies, markets and networks as modes of governance in contemporary government

To be published in A.Meijer et al. (Eds.) 2008  
*ICTs, Citizens & Governance: After the Hype!*,  
IOS Press Series 'Innovation and the Public Sector'

**Jan van Dijk**

**Anneleen Winters-van Beek**

### 1. Introduction

In the last decade the terms 'network' or 'networking' have appeared ever more often in discussions about the current or future management and policy of modern government. This is caused by both societal or organizational and technological developments. Increasingly, the concept of network society is used to indicate contemporary society next to the concept of information society (Castells, 1996; van Dijk, 1991, 1999/2006). It is assumed that in the network society the structures of social and organizational networks emerge and start to characterize all spheres of society, from a network economy to a digital culture. This is strongly supported by the rise of media networks such as the Internet and other networks of telecommunication and mass communication. When this classification of contemporary modern society is justified it should also be valid for the sphere of government.

Indeed, in many proposals to restructure government, both central government and the public administration, that have come forward since the 1980s all kinds of suggestions have been made to decentralize government and to gain independence for its parts or to privatize them. Subsequently, all kinds of organizational and policy networks are assumed to take care of the remaining necessity of coordination and control in the execution of government tasks. With the rise of computer networks, the Internet in particular, the prospect of E-government is added to this preoccupation with networks.

The prospect of E-government is the technological drive behind the rise of networks as a steering or governance principle for the government as a whole. All developed countries have started to create an infrastructure of information and communication technology that should be able to link all government departments in the future. More recently, a growing number of electronic shared services and registrations are designed and introduced.

The rise of information and communication technology and E-Government has spurred all kinds of utopian and dystopian views of the revolutionary potential of networks in the days of the Internet hype during the 1990s. Democracy was supposed to become 'teledemocracy' in a direct Athenian agora way and the state would evolve into a virtual state that becomes either 'hollow' and marginalized or a dominant surveillance state. The perspective of teledemocracy (Becker and Slaton, 2000) was built on the technical opportunities of the existence of direct links between the terminals of computer networks and their central registration, in this case the political and electoral centre. The idea of a virtual state that would become marginal or hollow was either based on the libertarian view of a traditional core of institutional politics that

could be bypassed by autonomous citizens, corporations and societal or political organizations to create their own politics in networks (Guéhenno, 1993, Katz, 1997, Frissen and Emery, 1999) or on the privatization and outsourcing of government tasks that would keep being linked to a coordinating but ever less powerful state in a network structure (Milward and Provan, 2000). In the surveillance state the opposite movement was projected: a flow of information and control to the omnipotent centre of the network in the state and the public administration (Gandy, 1994, Lyon, 1995).

All these utopian and dystopian views in the time of the Internet hype were in fact guided by a combination of technological determinism and particular political strategies, hopes and wishes. The network perspective of government and politics would inevitably prevail. In fact, particular views of democracy were clearly projected in this perspective (van Dijk, 2000). Presently, five to seven years after the hype, when we are able to observe how network structures, both network organization and network technology, actually are implemented in politics and public administrations we can draw a much more sober, balanced and realistic picture of the perspective of network government. This is the main objective of this chapter.

We will observe that the rise of networks in government (infra)structures meets many problems, drawbacks and bottlenecks, both considering organizational or policy networks and computer networks charged with E-government tasks (Goldsmith & Eggers, 2004, Accenture, 2003, 2004, Ebbers & Van Dijk, 2007). Organizational and political resistances appear to be high and not all problems of network technology are solved.

With these problems in mind we ask ourselves what is the perspective of network government in the next thirty years? In this article we will describe this perspective and explain the problems we observe as a collision of three ideal-type modes of governance simultaneously characterizing contemporary government: hierarchies, markets and networks. We assume that in a long evolutionary process the network mode of governance will become stronger in the context of the nascent network society. To describe this evolution we construct three typical historical stages of government in succession: traditional government, contemporary turning government and potential future network government. In traditional government hierarchy is dominant as mode of governance. In the transitional stage of turning government the modes of market and network government come forward to compete with traditional hierarchies and to produce a practice of government full of tensions. In the third stage the network mode of government might dominate. However, this is not a matter of historical necessity. It is by no means sure that the network mode will prevail. Neither do we know how long this evolution will last. Our conjecture is that in all stages there will be a conflict of three modes of governance and that none of them will disappear. Even when the network mode ultimately prevails, the networks concerned could be either more centralized, appearing as some kind of new hierarchy, or more decentralized with many links to markets.

Neither is the network mode of governance superior in a normative sense. The network mode has many disadvantages and characteristics that should be compensated for in efficient and democratic government and in appropriate network management.. For example, network forms of governance were partly discredited after the Katrina hurricane disaster in the region of New Orleans. The multitude of networked help agencies of the American federal and local government, previously split government units that were made independent, appeared to work in completely separate and uncoordinated ways lacking any central direction (see summary of criticism in Wikipedia 2007 [http://en.wikipedia.org/wiki/Criticism\\_of\\_government\\_response](http://en.wikipedia.org/wiki/Criticism_of_government_response)

[to Hurricane Katrina](#)). The response to this emergency shows “what happens when the management of a network fails” (Kamarck, 2007, p. 121).

Finally, Kamarck (2007) has emphasized that government by network, as she calls it, only serves particular government problems: “government by network works best on policy problems that require flexibility, personalization and innovation” (p. 22). According to her other problems could better be solved by different ways to innovate government such as so-called ‘reinvented government’ (a.o. using performance goals and measures) and ‘government by market’ (a.o. using prices and other market signals).

In the next paragraph we will first define networks and describe in what shapes when they occur in government. Subsequently, the three ideal-type modes of governance, by means of hierarchy, market or network, will be elaborated. This will be followed by a characterization of three historical stages with different combinations of these modes of governance. Finally, we will illustrate the rather abstract argument with a case study. This is the Dutch government project PDirekt for a shared electronic services centre for the employee and salary registrations of ministries that appeared to be a giant management and financial failure. This project clearly exemplifies the collision of hierarchy, market and network forms of governance in contemporary public administration.

## **2. Networks and network configurations in government**

A network can be defined as a collection of links between elements of a unit (van Dijk, 2006). The unit as a whole is often called a system. Emphasizing the links between the elements of this system means referring to the network inside a particular system. It is important to add that there have to be at least three connected elements to create a network. These elements are also called nodes.

In this case the larger unit or system is the government as a whole, but units can also be observed at lower levels of government such as government organizations comprising departments and individual civil servants connected by relations. A basic assumption of network theory is that the internal and external relations of units become ever more important in the actions of contemporary social units and their elements (Monge and Contractor, 2003). With respect to governments the reason for this trend are discussed below.

First, we want to draw a picture of network government at the most general societal level.

In Figure 1 it is assumed that the government still has a central location in the political system of (post- or late-) modern society. However, the Figure also shows that other actors than (central) government are able to bypass this centre and to build political and other relations among each other.

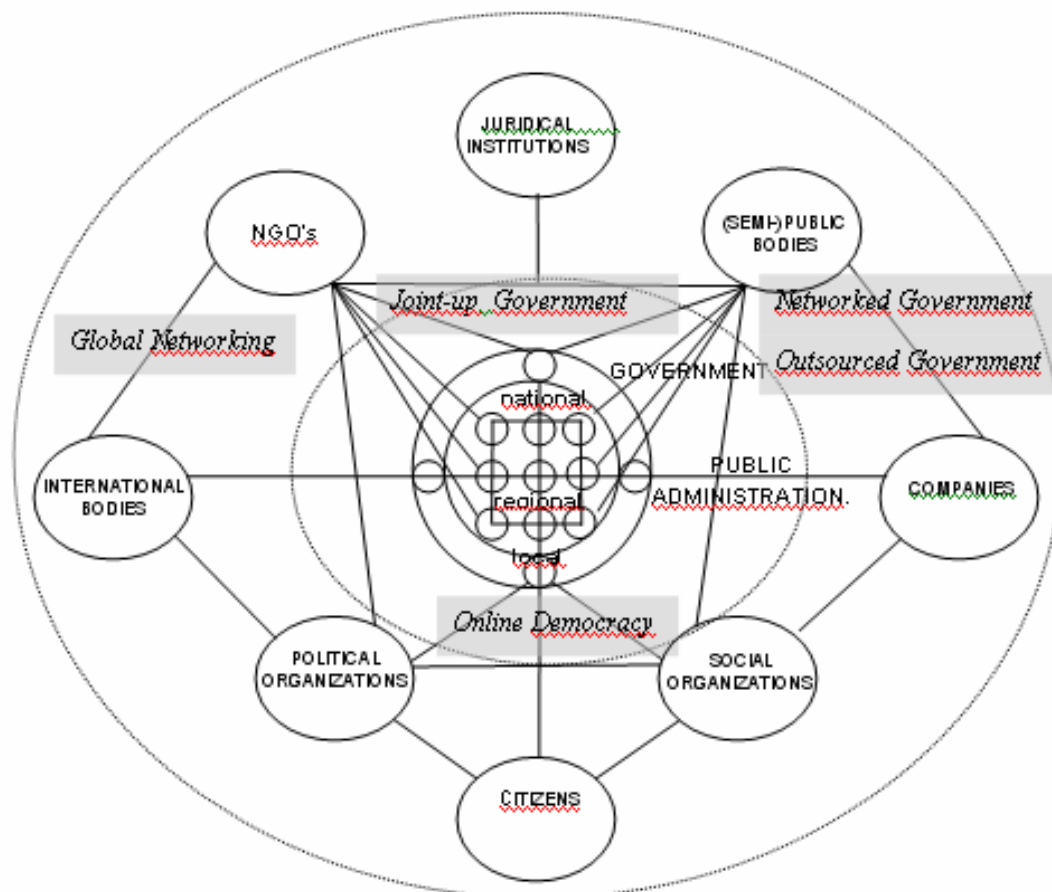


Figure 1: Kinds of Network Government in the Political System as a Network (Adapted from Jan van Dijk, *The Network society* (2006, p. 100)

This Figure is also portrayed to identify five kinds of contemporary network government. The first kind is the cooperation of organizations of central government using computer networks. This is usually called *Joint-up Government*. Here ministries, provinces, municipalities and administrative or executive government organizations at every level are linked by computer networks and the services they share. Increasingly, these government units face common tasks in the field of electronic government. For these tasks all kinds of project teams, task forces and other groupings with temporary coordination and control functions are formed. Most often they are organized as networks and acquire the shape of a particular network configuration. A network configuration can be defined as a particular organizational form of a network. This means that it has at least three elements or nodes that cut through or bridge fixed organizational divisions, that is both inside and across organizations. Cutting and bridging these divisions means distancing the fixed hierarchical departments of government. This is the meaning of joint-up government. This kind of network government has our prime focus of attention in this article/chapter.

More to the edges of Figure 1 other kinds of network government are portrayed. First of all, there is a place for so-called *Networked Government* (Goldsmith & Eggers, 2004) or *Government by Network* (Kamarck, 2007). This term indicates the growing number of public-private partnerships in government at large that often also have acquired the character of a network. In the 1990s many governments of OECD countries have turned regular government departments into (semi-)independent

organizations. However, their relationships with the departments of central government have not diminished and a number of coordinating and managing network configurations have been shaped to regulate and account for their activities. In their books Goldsmith & Eggers and Kamarck focus on these relations and network configurations.

A kind of network government that is close to the former is called *Outsourced Government* (Goldsmith & Eggers, p. ). Here we are dealing with completely independent or privatized commercial organizations that execute outsourced government tasks. However, they are continually held accountable to central government or to supervisory institutions. The relations and more or less temporary groupings organizing this accountability can be analysed as network configurations. Currently, outsourcing in government and in the economy is increasingly practiced by networks of a large number of (sub)contracting corporations.

A fourth kind of network government deals with the political relations of the government with citizens or societal organizations and communities. It is called *Online Democracy* or *Digital Democracy* (Hague & Loader, 1999, Hacker & van Dijk, 2000, Shane, 2004, Chadwick, 2005). Here networks, the Internet in particular are used as a medium of political participation.

A last kind of network government is so-called *Global Networking* (Slaughter, 2004). This first of all concerns the networks of national governments and their departments in official associations or unions such as the UN, the WTO, NATO and the EU and, secondly, the networks of NGO's, of global corporations and of lobby groups circulating around these international organizations. Increasingly, the internal and external networks of national governments have to compete for power with these global networks. According to Slaughter the global networks become evermore powerful as compared with national governments.

Another important conceptual distinction is that between inter-organizational, intra-organizational and interpersonal networks. In the context of government cases of inter-organizational networks are collaborations between ministries, provinces, municipalities and separate administrative and executive organizations as a whole. Inside modern organizations in general, for instance in matrix organizations, more and more project groups and teams with a specific task appear and cut through original divisions of departments in this way also adopting the shape of a network. This also goes for government organizations. Here an increasing number of collaboration projects occur that consist of a combination of inter-organizational, intra-organizational and interpersonal networks. In the collaborating government departments at large similar project teams and task forces are created that co-operate and simultaneously shape new formal interpersonal networks of civil servants across large organizational distances. During the daily practice of social networking that is required in these collaborations informal interpersonal networks also appear.

The following functions are performed by the heterogeneous set of network configurations appearing in the evolution of Joint-up Government:

- A. *Deliberation*. Both formal and informal consultations between government departments are often required to realise particular tasks of contemporary complex government, among them tasks of E-government and electronic services on the internet requiring an input from many actors. These deliberations often are more or less institutionalized in the shape of a particular network configuration.
- B. *Direction and Management*. When collaborations, provisions and technologies acquire a permanent status participating departments and civil servants have to

be directed by a more permanent leadership in a longer lasting type of organization. However, this organization is still different and separate from management in the official governmental hierarchy. It has more degrees of freedom and acquires the form of a network configuration.

- C. *Coordination.* At a lower level of collaboration the separate activities of government departments can be coordinated simply tuning these activities (without a central direction). The communication needed for this gearing of activities can be practiced in more or less formal coordination networks.
- D. *Execution.* To execute complex innovative tasks of government that require the cooperation of several government departments often special administrative and technical bodies are shaped that become semi-autonomous in the execution of these tasks. In tasks related to information and communication technology technical departments of official government organizations and subcontracting firms on the field of information technology, computer networks and software fill these bodies.

Even before the massive introduction of ICTs in government operations all kinds of network configuration with one or more of these functions have appeared at all levels of government. They have multiplied with the introduction and incorporation of ICTs, especially those based on computer networks and shared services of formally separate departments. In every country with an advanced ICT infrastructure in government hundreds or even thousands of network configurations of all kinds cutting through the dividing lines of existing departments, bridging and sometimes embracing them, have emerged (Kickert et al., 1997). Apparently, the traditional hierarchical model of government organization alone, based on geographic divisions with a particular level of governance autonomy, is no longer appropriate for the tasks of large-scale and increasingly complex governance contemporary government faces. To manage these tasks governments have adapted the traditional model by means of a growing organizational fragmentation and new divisions of labour cutting through existing divisions. This trend was supported by the processes of privatization and the growth of formal independence of government institutions and by new governance strategies such as New Public Management and Reinvented Government. However, basically the traditional model with its organizational divisions and partial autonomy of local and regional governance has been maintained. This also goes for the context of the rise of network configurations as described above. The essential question is whether they only reinforce the already running process of government fragmentation, remaining within the confines of the traditional hierarchical model of governance, or that they create an altogether new mode of governance, called network government?

### 3. Three ideal-type modes of governance: hierarchy, market and network

Thompson et al. (1990) and in particular Powell (1990) have analyzed the three in their view most important modes of general coordination in society by means of three ideal types. In fact they are general modes of organization emphasizing principles of steering or governing. They can be applied to the economy, to the public administration and to the government as a whole. According to Powell a form of economic organization has developed in the course of the twentieth century that is neither market nor hierarchy; it is a network type of organization. He places this type next to the earlier modes. Van Dijk has elaborated Powell's typology and applied it to characterize the structure and organization of the network society locating this type in between the hierarchy and the market because it shares characteristics of both other types. See Table 1.

FORMS CHARACTERISTICS	<i>Markets</i>	<i>Networks</i>	<i>Hierarchies</i>
<i>Organizational basis</i>	Contracts, property rights	Complementary strengths	Employment relationship
<i>Relation of actors</i>	Independent	Interdependent	Dependent
<i>Goals of organization</i>	Profits	Reciprocal gains	Careers
<i>Means of organization</i>	Prices	Relationships	Routines
<i>Mode of organization</i>	Competition	Competition and cooperation	Cooperation
<i>Control</i>	Horizontal	Horizontal and vertical	Vertical
<i>Coordination</i>	Horizontal	Horizontal and vertical	Vertical
<i>Conflict resolution</i>	Dealing, going to court	Trust, reputation	Administrative fiat, supervision
<i>Flexibility</i>	High	Medium	Low

TABLE 1 Forms of economic organization Source: Jan van Dijk (2006). *The Network Society* Adapted from Powell (1990)

It would take too many lines here to explain the whole table; a choice is made for the characteristics of networks being applied to the potential modes of contemporary governance in government.

Traditionally, tasks of the government could only be executed by civil servants or be outsourced to the market with a particular contract. In contemporary government more complex divisions of labour are appearing based on the cooperation of government units or of government units and completely independent parties, for example in the context of public-private partnerships. This cooperation is able to assume the shape of a network. Its basis is not a relationship of employment or subordination (a command) and it is not working on the basis of a contract either. It is a more or less temporary cooperation in which all parties engaged use each-other's complementary strengths. All parties are interdependent. Cooperation is focussed on reciprocal gains and not on the gain of each party itself, nor it is it focussed on the strengthening of a party's organizational position. A clear common task and some kind of supervision and accountability are crucial for successful cooperation. After all, the classical modes of governance of the hierarchy (political and administrative authority) and the market (competition and profit maximization) do not work here anymore to serve and evaluate the success of common operations.

One of the most important functions of networks is reaching common goals in a society with far-reaching divisions of labour (van Dijk, 1991/2006). This also goes for the government. Her fragmentations and partitions are a result of an extreme division of labour within the traditional hierarchical model in which the overview from the top is lost. Ensuing growth of (semi-)independent public organizations and privatization have only reinforced this trend. The crossroads between formerly divided organizational units that are made in the network configurations described above only are a repair, some kind of first-aid bandage for a division of labour that has gone too far. In these configurations achieving common goals is not the result of the invisible hand of the market and its prices, nor from the visible hand of (government) management and its routines, but from the reciprocal gains that can be achieved in explicit agreements of more or less independent actors and their relationships.

However, networks are not a mode of organization based on pure cooperation. In the whole of human history they have been a combination of cooperation and competition (McNeill en McNeill, 2003). The basic reason is that actors participating in networks are both (inter)dependent and independent. The modern economy is a combination of strategic alliances, monopolies and oligopolies at the one side and relentless competition at the other. Similarly, contemporary government is a complex that on the one hand tries to act as a unitary whole and at the other hand, through the autonomy of lower governmental departments and through sharp organizational divisions, stimulates internal competition for all means and positions. This conflict also rules the network configurations of joint-up government and public-private partnerships that are supposed to bridge these divisions and show a unitary face.

The most important characteristic of using networks as a mode of governance is the combination of horizontal and vertical control and coordination (de Sanctis & Fulk, 2000). This mode does not work with vertical control and coordination such as the hierarchy, nor with their horizontal alternatives such as the market, but on a mix of centralized and decentralized structures. This is the 'secret' of the potential gains of networks as a flexible organizational form (van Dijk, 2006). With the aid of information and communication technology the combination of central registration, coordination and control with decentralized execution, adaptation to the environment and coordination can be realized much better than before (Zuurmond, 1994; de Sanctis & Fulk, 2000; van Dijk, 2006). The popular view of networks as a flat, horizontal mode of organization is very one-sided. Networks are only 'flat' in comparison with hierarchies. Networks also have centres and central modes of steering and governance. In case they don't have them, networks as forms of cooperation in government will easily fall apart.

However, central governance is not able to maintain network configurations when the basis of agreement inside does not occur or disappears: the mutual trust of participating actors. Trust rests on frequent communication among participants, on cultural similarity and on equivalent structural positions. Mutual trust and known reputations of participants will have to resolve differences of opinion and conflicts. Neither central authority, in this case of institutional government, nor judgements in court or even mediation are able to resolve conflicts here. In theory the government may be considered as a unity, in practice a lack of internal communication, cultural similarity and equivalent positions often kills attempts to cooperate in networks with a particular task.

Every instance of a governmental organization in a particular phase of development is characterized by a particular *combination* of the three ideal type modes of governance composed above. In the phase of traditional government – to be described below – the hierarchy dominates. Here the market and networks are subordinate: the market in the

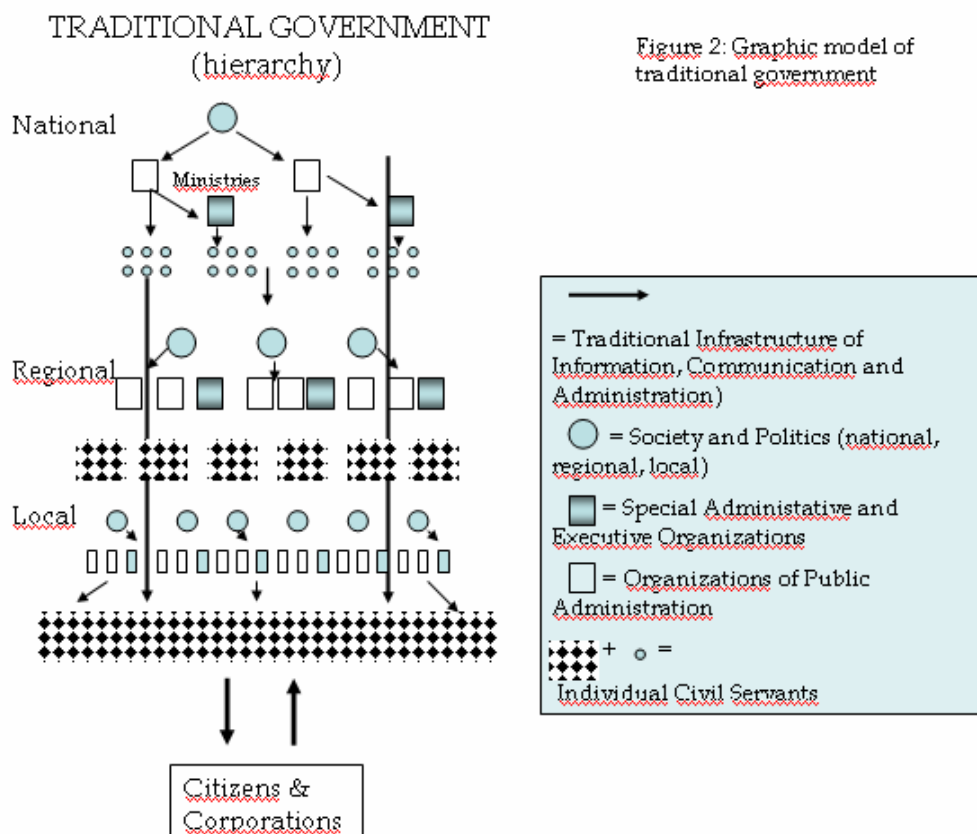


function of financial accounting and networks in the shape of informal communication. In the current phase of turning government, initiated in the 1980s and 1990s by the perspectives of liberalization and ‘new public management’, we are able to observe the rise of the market (by means of outsourcing and privatization) and of networks (in the shape of a number of semi-autonomous public organizations jointly executing government tasks and in the shape of joint-up government departments). In the future perspective of network government the network mode of governance has become dominant both as a type of organization (network organization) and as a type of technology (computer network infrastructure). However, even in turning government and in network government hierarchies and markets remain important modes of governance, for example in the shape of more or less democratic political and administrative rule and of more or less outsourcing to the market economy.

In the next three paragraphs we describe how these combinations of modes of governance in the three successive phases of government organization look like among others visualizing them in models.

#### 4. Traditional government

Traditional government has the shape of a pyramid. It has a top-down structure. The first characteristic of a hierarchy is that the lower levels are fully included in the higher levels. The second characteristic is that the lower levels are superseded by the higher levels (top-down). This mode of governance is appropriate for a territorial division of the state and the principle of limited governmental autonomy of lower levels. Here political governance of organizations of the public administration occurs at all levels of society and of governmental order (national, regional, local). In democratic states this governance is enacted by parliaments and constitutional governments. The public administration is considered to be an executor. Figure 2 contains a visual model of traditional government drawn with symbols that enable comparisons with the other models to follow.



In traditional government the relations of information, communication and governance are supported by the traditional media of face-to-face communication, the press, broadcasting and telephony. With these media the government approaches citizens and corporations by means of external communication. Reversely, citizens and corporations use the same means in their own channels: sending written or typed letters and forms, having talks with politicians and civil servants, using the telephone and visiting service desks. This is why the model contains two separate opposing arrows.

Traditional government itself emphasizes internal communication partly composed of informal talks. Already in traditional government they can reach the shape of networks within and between government departments. For the purposes of budget administration and allocation the procedures of the market economy can be taken.

## **5. Turning government**

Turning government means leaning over to the more horizontal modes of governance of the market and networks. Within the confines of a hierarchy that remains the modes of the market and networks become more important. As has been claimed above this has been expressed in the processes of privatization and growing independence of (semi-)government organizations since the 1980s. Also within the remaining core of central government organizational shapes appear that cut through or overlap traditional divisions of governmental departments. They are all kinds of steering committees, task forces, coordinating commissions, formal and informal consultation groups, project teams and temporary management teams. To begin with, they produce a strong increase of the number of organizational units because all traditional units remain. In all advanced high-tech societies with a full-fledged infrastructure of ICTs, in this field only, hundreds if not thousands of organizational units taking the shape of a network have appeared to realize particular tasks of E-government, to link government networks and their databases and to share computer services. They are the main actors of joint-up E-government. Their tasks require continuous cooperation and some autonomy to execute them. Simultaneously, they need direction from the official hierarchy because otherwise no decision or step to be taken acquires official status and can be realized. However, frequently it will not be clear who exactly is supposed to give this direction because so many parties are engaged in the cooperation. The call for some central direction from the government varies from an appeal for a special minister coordinating all E-government activities across departments to a request for clear policies and decisions of parliaments in the field of E-government.

The transitional phase of turning government is a time of permanent struggle because all organizational units engaged in the process continuously are manoeuvring to get a bigger share in current decision making and future structures of government, among others in the field of E-government. For example, in many countries one is able to observe a competition between the ministerial hierarchies and their own executive administrations and between these administrations among each other. It is a struggle for control of the units of cooperation described above and for the management of computer network infrastructures and architectures. A recurrent issue of disagreement is whether direction should be more central or more decentralized.

The transitional phase might take a long time; perhaps it is safe to say that it will take at least a generation of human lives. We presume that the phase will end with a fully operational, government-wide, all-embracing ICT infrastructure and a complete organizational restructuring of the government and public administration around this backbone. For that matter, this does not mean that the organization of future government and public administration will become fully determined by technology.

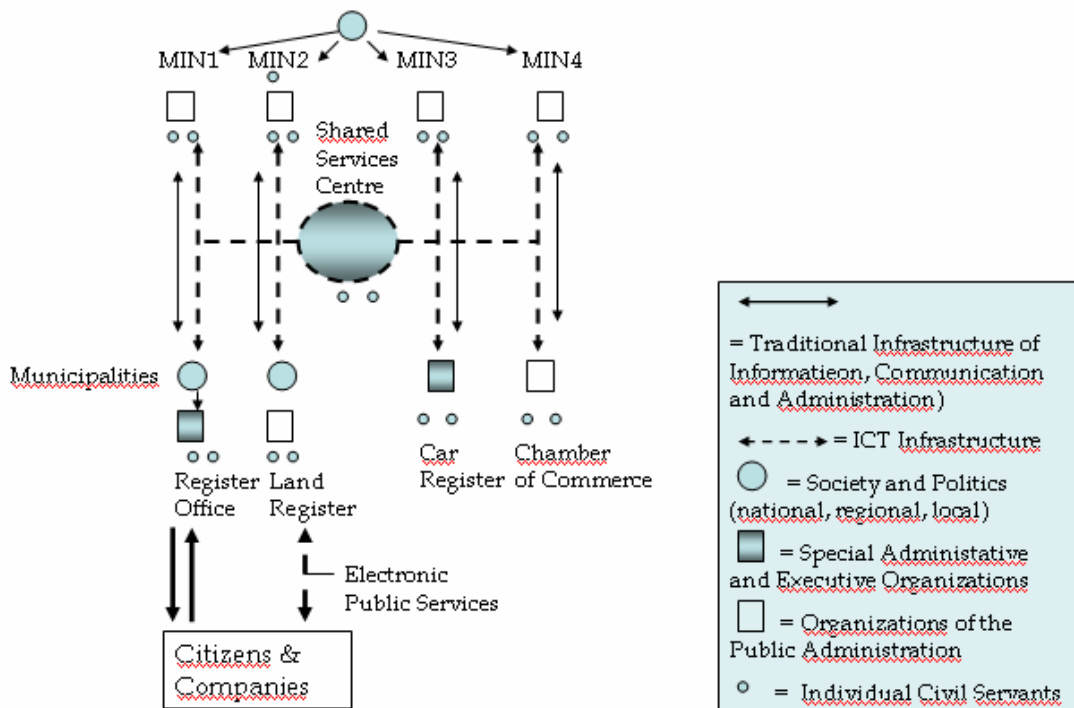
Political motives of transparent, accessible and democratic governance and demands posed by the scale and complexity of organization also shape the restructuring concerned. A generation is the minimum time-span that is needed for such sweeping large-scale technological and organizational processes with great political and economic impact.

Frequently, organizational reconstructions are proposed to the governments and public administrations of contemporary developed societies. Mostly, they address problems of level and scale: shifts from national to local government, or the other way round, the removal of provincial or other intermediary levels, the reduction of the number of national ministries, the fusion of municipalities and the like. These proposals are often related to changes in the current or future integrated infrastructure of ICTs. This infrastructure seems to promote the merger or dissolution of formerly separate executive administrations. However, generally speaking these administrations reach more power in the phases of turning and network government.

The move of turning is visible in Figure 3 by the dotted lines of ICT infrastructure that turn from vertical to horizontal and by the central location of the administrations of control and execution. Here a common direction of basic registers of several, currently separate administrations (of people, housing, land, means of transport etc.) serves as an example of a network configuration that is backing or backboning the turn of government.

## TURNING GOVERNMENT (hierarchy and heterarchy)

Figure 3: Graphic model of Turning Government



## 6. Network Government

The overarching organization principle of networks is not a hierarchy but a heterarchy (literary: the rule comes from elsewhere). In a heterarchy lower levels are only partially included in higher levels (Kontopoulos, 1993). Units at both levels are related via an overlapping network structure. So, they cut right through all levels, and they connect these levels. As a mode of organization networks realize complex interactions within and between levels. They are able to increase the flexibility of government organization as a whole. This means that the levels of society, organization and individual are linked cutting through existing geographic and other partitions. It also means that the highest levels do not fully determine lower levels, but the opposite is not true either. Instead, a very complicated picture appears of determination from below, determination from above and determination at the semi-autonomous level in focus itself (van Dijk, 2006, p. 28). As emphasized above, networks both have centralizing and decentralizing tendencies.

Describing turning government we already observed that classic territorial divisions are cut by a uniform infrastructure and architecture of computer networks with databases of registries that connect national and local government levels. This infrastructure is managed by a common direction. This is not to say that geographic, physical divisions are no longer relevant in a network society or network government. After all, people remain physically, mentally, socially and culturally anchored to local environments (van Dijk, 2006). It does mean that structures of links emerge that, backed by a ubiquitous infrastructure of ICTs shorten the lines of information, communication and management in politics and in the public administration. For the

first time in modern history the utopia of a government as a flexibly operating and transparent organism or machine, or a single organisation becomes somewhat real.

In its ideal-type description network government has turned upside-down completely. Vertical structures have become horizontal, supported by an all-embracing infrastructure of information technology and its network management. As has been argued above, in the days of the Internet hype some have derived that in network government vertical structures will be completely replaced by horizontal structures to become fully decentralized. Networks are supposed to be flat lacking centres. Simultaneously, the traditional political mode of steering, the hierarchy would marginalize as the virtual state becomes an 'empty' state not ruled by substantial politics but by technology (Frissen & Emery, 1999). Again, it should be stressed that this draws a wrong picture of networks and network government. The ideal type is not equal to the reality of network government. In reality modes of determination from above and forms of hierarchy also remain in the context of network government. Principally, this happens in two ways. First, the bureaucracy of traditional government evolves into infocracy (Zuurmond, 1994). Henceforward, control is taken into account inside information technology, in this case the computer network. However, this does not mean that this technological rule is neutral from a political and governance point of view. Substantial politics is inserted because, additionally, networks also have centres – think about the spider in the web – they even have a plurality of them. Only, they work different as compared to classical hierarchies enabling local degrees of freedom in the context of a central direction (Applegate, 1999).

The second way of determination from above in network government is political direction, be it with potential (democratic) support from below. The infocracy as a form of technocracy leaves sufficient space for a substantial, normative governance of all social-cultural and political levels of society. Perhaps this will become a political direction on main lines and a completion in local details.

Similarly, the mode of governance of the market remains in network government, at least in market economies. Depending on political preferences government action is bigger or smaller, stronger or weaker with regards to the market. 'Networked government (partnerships) and 'outsourced government' (outsourcing) are able to extend 'Joint-up government'.

A common infrastructure of ICTs is the backbone of network government. The management and control of this ICT infrastructure will serve the role of the infocracy. The remaining organizations of the public administration, that will be restructured in the coming decades to meet new organizational and technological demands are draped like flesh around this backbone, so to say. This structure of network government is portrayed in Figure 4.

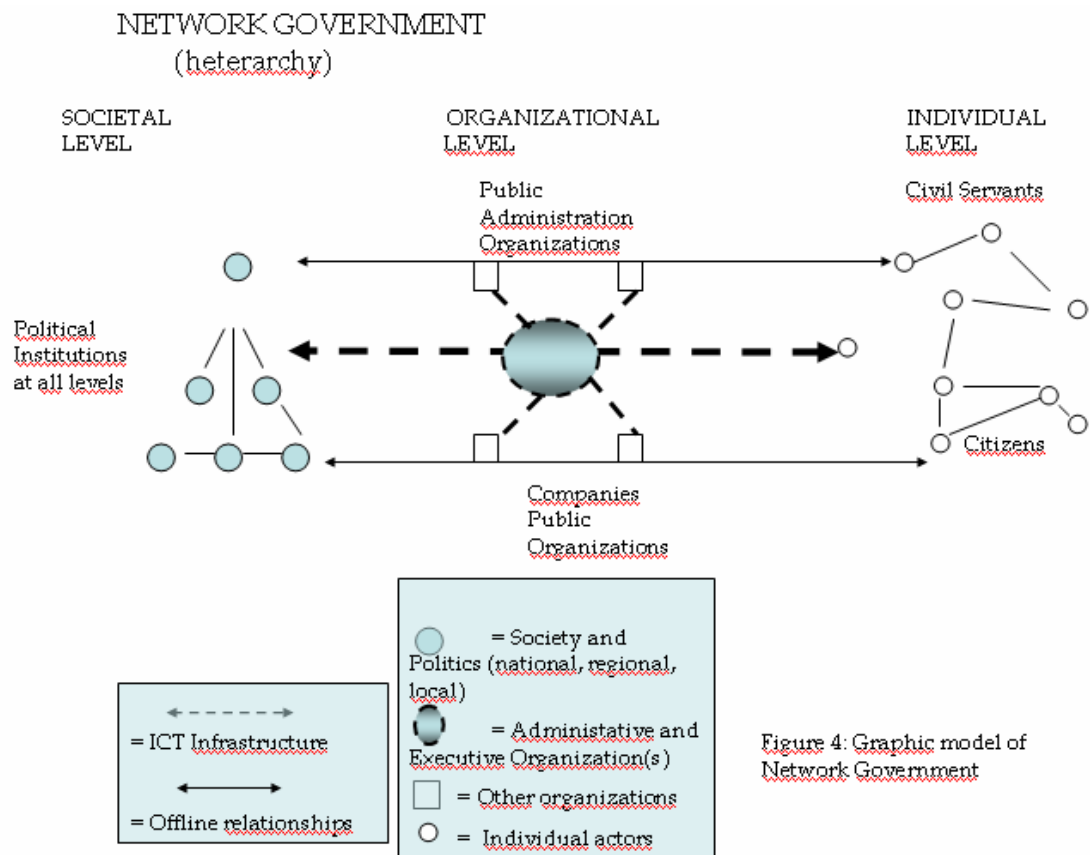


Figure 4: Graphic model of Network Government

## 7. The clash of modes of governance

It might take a generation before such an all-embracing infrastructure of ICTs is realized. There are not only several technical and juridical problems to solve. Most significant, particularly in the phase of turning government is the basic clash of modes of governance. We want to illustrate this statement, not prove it, by means of the history of the PDirekt project in the Netherlands that was considered to be a notoriously failing and millions of euros wasting project by Dutch parliament and public opinion in 2005. The organization of this project is a typical example of a network configuration surrounded and partly directed by a hierarchical government and by the market.

The PDirekt project is a cooperation between all ministries of the Dutch government (except for the ministry of Defence) to install a shared electric service of employee and salary administration. The cooperation should be realised by a common computer network provision and a shared services centre for all personnel departments and salary administrations. The core of this is a central basic registration with shared data supplemented by proprietary data and facilities of the participating ministries.

The principle in charge of this project is the minister of Governmental Renewal and Relationships of the Kingdom of the Netherlands that belongs to the Ministry of Interior Affairs. This minister has the political responsibility and regularly has to report to the Cabinet of Ministers about the project progress being made. The deputy general secretaries of the ministerial departments are responsible for a successful transition of ministerial work to the project PDirekt. In this way the official hierarchy managing the project is described.

The first network configuration installed in the project was the APO (Dutch abbreviation for General Project leaders Consultation) that consists of all ministerial project leaders working on behalf of the deputy general secretaries called above. They carry a mandate from their ministerial department.

The third party in this project is the market. In the year 2004 the Dutch government ascribed a clear role to the market in the construction and maintenance of the shared services provision concerned. In the same year an external party on the market was solicited according to the tender rules of the European Union. This would be responsible for the design, construction, exploitation and management of the infrastructure required according to market standards. The IBL consortium comprising IBM and LogicaCMG was the 'lucky' winner of this tender.

What was the specific task of the PDirekt project as a whole? It was to create a shared employee and salary administration for all ministries using common standards and procedures in shared software. Currently, ... years after this task was charged it still is not realized. Every ministry continues with his own personnel management and registration with proprietary task divisions, routines and standards. Every ministerial personnel department keeps his own responsibility and accountability for a specific number of tasks explicitly defined for that ministry. These departments keep being managed by their own hierarchies that are held accountable by the government and the political representation as a whole. Therefore, it is no surprise that the managerial hierarchies had different requests to the PDirekt project in terms of procedures and standards.

At the end of 2005 it was officially observed in Dutch parliament that the project did not match expectations. This happened after two detailed project designs made by IBM and LogicaCMG were rejected by the ministerial representatives in 2004 and 2005 and after the final date for project result deliverance was postponed until January 1, 2007. A remarkable fact was that only during the preparations of the second design there were talks between the coordinating Ministry of Interior Affairs and the other ministries about the specific functional criteria of acceptance that had to be realized in this design. On October 14, 2005 IBM withdrew from the project with a claim for damages of more than 20 million euros because this company itself had to fund in advance all costs made.

After this dramatic event the project was not officially halted. Instead, it was launched again. A Taskforce of the project consultation group APO, mentioned above, was established to elaborate a rescue scenario called 'New Course'. Next to this Taskforce and APO a number of working groups consisting of representatives from all ministries was created with the common task to work on a continuing transition to PDirekt. The special Taskforce, the APO and the working groups can be called network configurations.

Re-launching the project started in June 2006 with a letter from the Dutch Government and the Minister responsible for the project explaining that the most important building stones could be further developed in anticipation of an audit report of the official budget control organization ('Algemene Rekenkamer') charged by parliament. The ministry in charge is the Ministry of Interior Affairs and the executors are three ministries left after the rest had pulled out.

The history of the PDirekt project is a clear example of a clash of the three modes of governance discussed in this article. The market consortium expected a detailed order exactly describing the task, functionality, standards and price of the desired system at the start of the project. The ministerial hierarchies were not able to meet these expectations on time. They were sticking too long to the demands, routines and

responsibilities of their departments. Simultaneously, they were shifting the burden of organizing PDirekt on the shoulders of the network of project leaders (APO). However, lacking direction from the Ministry of Internal Affairs this network was not able to clear this job on its own (Lievense, 2006, p. 58). After all, this network wanted to execute the job as efficiently as possible optimally benefiting from the relations of cooperation between participants. So, prices (the market requiring detailed demand), routines (the hierarchy) and relations (the network) are clashing as means to determine the standards and other organizational characteristics required for a shared services provision.

## 8. Principles for network management in government

Such collisions will catch on in the phase of turning government. The main problem is that the network mode of governance is not able to set itself free from the hierarchy that has created it. Most network configurations that have been engendered by existing government departments are artificial constructions driven by the obligation to cooperate that comes from the top, by particular strategic goals of these departments (to gain influence) or simply by the transfer of tasks they cannot properly execute themselves, but cannot let go either.

The question arises how networks can be managed or directed in the phase of turning government? In this phase they are not able to function completely independent from governmental hierarchies. Moreover, both in the phases of turning and network government they have to be directed administratively and politically, possibly in democratic ways. In the dissertation project of the second author of this article/chapter a number of guiding lines for the management of networks in joint-up government will be framed after a number of empirical studies of the network configurations concerned (publication expected in 2009). Concluding this article/chapter we will formulate a number of such guidelines in anticipation. They are based on extensive research of the international literature on managing networks and on first explorations of joint-up government projects in the Netherlands such as PDirekt.

The main sources for finding network management guidelines are Mandell (1990, 2001), Rhodes (1990, 1997), Kickert et al 1997, de Bruijn, ten Heuvelhof (1999), Milward and Provan (2000a, 2000b), de Bruijn, ten Heuvelhof, in 't Veld (2002), Goldsmith and Eggers (2004), van Dijk (2006), Kamarck, (2007).

The guidelines summarized below only *apply to joint-up government in the current phase of turning government*. So they do not necessarily go for other kinds of network government such as outsourced government and public private partnerships.

1. *Political-administrative governance or direction* remains necessary in the phases of turning government and network government. There has to be an agency that provides and continually guards the conditions of cooperation in network configurations, the goals expected and a number of crucial technical and organizational means such as hardware and software, office means and personnel discharges. Downsizing or increasing the productivity is one of the strategies which Kamarck (2007) mentioned to create reinvented public-sector organizations. This agency should design the conditions for horizontal and vertical control and coordination which is a characteristic for network government (Van Dijk, 2006). A good design of the network is crucial for a successful network approach (Goldsmith and Eggers, 2004). The agency has to keep an overview and is held accountable to responsible bodies of the government. The more extended the network, the higher this agency should be in the political and administrative hierarchy. For example, the conditions, goals and means (such as standards) of a nationwide system of basic registers in a



- country being the backbone of all future ICT architectures should rest with a single ministry or official agency that has full control over this architecture on behalf of central government. Otherwise all other ministries, administrative bodies, provinces and municipalities concerned cannot be coordinated. A network configuration in charge with this task would get an impossible job without this common direction.
2. Political-administrative governance also means general *democratic accountability* to the representative bodies concerned of activities performed by the network configurations in charge. Accountability is a weak spot of network configurations in government (Goldsmith and Eggers, 2004). These configurations usually work on a larger distance from representative bodies than traditional governmental hierarchies. However, those responsible are not allowed to shift risks and accountabilities to these network configurations, instead they must give political support to the configurations. Democratic accountability means watching and measuring the way the policy is implemented and making interventions on time when measurements indicate non performance in implementation. Legislative bodies will have to learn to carry out oversight of the new forms of government. Much of the oversight that the public sees comes in the form of “fire alarm” oversight, investigations into large-scale problems in the conduct of executive branches, Kamarck (2007).
  3. However, additionally the network configuration should be left sufficient *autonomy* to independently work within these confines. The means of organization in a network are based on relationships (van Dijk, 2006). To realize them network structures have to be created that contain comparatively few intermediary links or steps enabling network participants to easily reach each other. These structures should enable an optimal exchange of ICT resources within the network without charging it with redundant connections. Such a structure prevents governments departments to work in uncoordinated ways because direct links are lacking. It also avoids that departments hinder each other because they stick to the traditional hierarchical model holding many superfluous lines of control. Within this structure there is place for innovation and exploration, for example by the creation of relationships with organizations who are not already in the configuration. An ethos of innovation, experimentation, and cross-agency work replaces the ethos of rule making, another strategy which Kamarck (2007) mentioned to create reinvented public-sector organizations.
  4. Tasks and responsibilities of network configurations should be made *explicit and clearly demarcated* from those of the hierarchical divisions of the government. A government agency should not let its historical processes, current organizational charts, or existing capabilities dictate what activities should be pursued under a networked approach (Goldsmith and Eggers, 2004). When a network configuration is charged with particular tasks and responsibilities that remain within the existing routines of the hierarchy traditional ways to perform tasks will not really change.
  5. The use of networks entails neither the wish to centrally decide about everything, nor to decide about nothing or about a few things. The job is to govern and settle according to required *performances instead of processes prescribed in detail*. This also goes for hiring the market (commercial agencies). A management pitfall of traditional bureaucracy is the adherence to process. In reinvented government the attention to service delivery increases (Kamarck, 2007). An important step is to properly identify and weigh the appropriate outcomes and metrics. An outcome is the end result—not to be confused with inputs or outputs. Rather than focusing on the number of nurses, teachers and police officers in service, outcomes measures performances such as the health of patients, the quality of people’s education or the

level of public safety (Cole and Parston, 2006). An emphasis on important values and clarity of outcomes coupled with flexible processes moves the initiator-participant relationship from an adversarial one to a cooperative, shared-goals perspective (Goldsmith and Eggers, 2004).

6. There has to be a *need for cooperation*. The 'sense of urgency' in the cooperation process is very important (de Bruijn, ten Heuvelhof, in 't Veld 2002). The participants of a network of cooperating government departments have to acknowledge that cooperation serves a mutual advantage. In networks goals of organizations is based on reciprocal gains (van Dijk, 2006). Commitment between partners does not grow in artificial organizational constructions that are only driven by the obligation to cooperate that comes from above or by the strategic goals of participants that only try to gain influence for themselves. Mutual advantage is created by sharing (ICT) resources in a relation of mutual dependency. Participants expect from each other that they will invest in their relationships contributing to the common resources benefiting all. These resources are not individually possessed but commonly produced. By investing in the contribution of the common resources, the participants build social credit, a reciprocity rule in networks (de Bruijn and ten Heuvelhof, 1999).
7. Managing networks means gaining insight in the different interests of participating actors. In networks of cooperating government departments both formal and informal interests serve the success of cooperation. Insight into these interests is gained by making distinctions between three types of networks: inter-organizational, intra-organizational and interpersonal. *Tuning all interests*, strategically and tactically, is the main job of managing networks. Monge and Contractor (2003) propose a multilevel approach to analyse the different interests. De Bruijn, ten Heuvelhof, in 't Veld (2002) mention the importance of protecting the core values of the participants when managing the process of cooperation.
8. The progress and internal accounting of networks do not rest on direct supervision from above, nor on a contract, but on *mutual trust and the reputation of participants* (van Dijk, 2006). Trust is the bedrock of collaboration. Without it, people will not collaborate or share knowledge (Goldsmith and Eggers, 2004). Trust has to be built continually by people in charge from the government putting trust in the network and by incessant internal communication within the network and between the network and its taskmasters outside. In this communication one has to take account of cultural differences between participants.
9. The identity and image of the network and its organizational participants have to be developed in the same way. *The network should obtain its own face*. Otherwise insufficient commitment between partners grows and the network will dissolve easily. The identity and image of the network depends on the purpose of the network and is related to the social outcome. Goldsmith and Eggers (2004) and Kamarck (2007) explore different types of networks. Each network participant should have the opportunity to make a valuable contribution to the outcome of the network as a whole. This complementary strength forms the organizational basis of networks (van Dijk, 2006).
10. The performances of networks (according to their tasks) should *continually be watched and measured*, first of all by the network participants themselves that use the same channels of communication for this purpose as described above. For coordinating and monitoring the network performance an integrator is required. The integrator coordinates and aligns the values and incentives to the total outcome. (Goldsmith and Eggers, 2004).

## 9. Conclusion

Contrary to the utopian and dystopian expectations of some visionaries in the days of the Internet hype hitherto network government has not revolutionized the ways governments and public administrations work. These ways have not, for instance, turned vertical relationships of governance into horizontal ones. The opposite turn cannot be observed either. Instead network government remains a perspective of a particular mode of governance that has to compete with other, more traditional modes of governance: the government hierarchy and the market. The only thing that can be observed is the gradual rise of several kinds of network government in the context of the nascent network society with its ubiquitous social and organizational networks linked by computer networks: joint-up government, networked government, outsourced government, online democracy and global networking. In this chapter we have described this gradual rise in the sequence of three historical epochs, that of traditional government, turning government and network government.

However, it is no matter of necessity that the final epoch of network government will appear. If it does we know that it will take quite some time, but we don't know how it will look like exactly. Future epochs will keep showing particular compromises or syntheses of three types of governance explained in this chapter: hierarchies, markets and networks. Moreover, we have acknowledged that network government is appropriate for particular problems and not a solution for everything. It is able to reduce complexity, to enhance flexibility, to support innovation (such as the introduction of ICTs in government) and to personalize government-citizen relationships. Finally, we emphasized that network government requires a particular management approach that is only beginning to be discovered.

## References

- Applegate, Lynda (1999) In search for a New Organizational Model. In G. de Sanctis and J Fulk (Eds.) *Shaping Organizational Form: Communication, connection, community*. Thousand Oaks CA: Sage.
- Becker, T.L. and Slaton, C. (2000) *The Future of Teledemocracy*. Westport CT: Praeger.
- Castells, Manuel (1996). *The Information Age: Economy, Society and Culture. Vol. I: The Rise of the Network Society*. Oxford: Blackwell.
- Chadwick, Andrew (2006). *Internet Politics, States, Citizens, and New Communication Technologies*. Oxford: Oxford University Press.
- Cole, M. and G. Parston., *Unlocking Public Value: A New Model for Achieving High Performance in Public Service Organizations*, John Wiley and Sons, Inc, 2006
- de Bruijn, J.A. and E. F. ten Heuvelhof (1999) *Management in Netwerken*. Utrecht: Lemma.
- de Bruijn, J.A. de, E.F. ten Heuvelhof and R.J. in 't Veld (2002). *Procesmanagement: over procesontwerp en besluitvorming*. Schoonhoven: Academic Service.
- Ebbers, W.E and J.A.G.M. van Dijk (2007) Resistance and support to electronic government, building a model of innovation. *Government Information Quarterly* Volume 24, Issue 3, July 2007, pp. 554-575
- Frissen, P.H.A. and Chris Emery (1999). *Politics, Governance and Technology: A Postmodern Narrative on the Virtual State (New Horizons in Public Policy)*. Edward Elgar Publishing

- Gandy, Oscar (1994) *The Panoptic Society*. Boulder CO: Westview.
- Goldsmith, Stephen en William Eggers (2004). *Governing by Network, The New Shape of the Public Sector*. Washington D.C.: The Brooking Institution.
- Gu henno, Jean-Marie (1995) *The End of the Nation-State*. Minneapolis: University of Minnesota Press.
- Hacker, Kenneth en Jan van Dijk, (eds) (2000). *Digital Democracy: Issues of Theory and Practice*. London, thousand Oaks, New Delhi: Sage.
- Hague, Barry en Brian Loader (1999). *Digital Democracy, Discourse and Decision Making in the Information Age*. New York: Routledge.
- Kamarck, Elaine (2007) *The End of Government as We Know It, Making public policy work*. Boulder, London: Lynne Rienner Publishers.
- Katz, J. (1997) *Media Rants: Postpolitics in a Digital Nation*. San Francisco: Hardwired.
- Kickert, Walter M., E.-H. Klijn, en J. Koppenjan (1997). *Managing Complex Networks, Strategies for the Public Sector*. London, Thousand Oaks, New Delhi: Sage.
- Kontopoulos, Kyriakos (2003) *The Logics of Social Structure*. Cambridge NY: Cambridge University Press.
- Lievense, Peter (2005) P-Direkt, Wat er mis ging. *Digitaal Bestuur*, Jaargang 1, Nr. 1. p.
- Lyon, David (1995) *The Electronic Eye: the Rise of the Surveillance Society*. Cambridge: Polity.
- Mandell, M.P. (1990) Network Management: strategic behaviour in the public sector. In: R.W. Gage and M.P. Mandell (Eds.) *Strategies for Managing Intergovernmental Policies and Networks*. New York: Praeger.
- Mandell, Myrna (2001) *Getting Results through Collaboration*. Westport: Quorum Books.
- McNeill, J.R. and William H. McNeill (2003). *The Human Web: A Bird's-eye View of World History*. New York, London: W.W. Norton & Company.
- Milward, H. Brinton and Keith G. Provan (2000a) Governing the Hollow State. *Journal of Public Administration and Theory Vol. 10, No 2*: 359-379.
- Milward, H. Brinton and Keith G. Provan (2000b) How Networks Are Governed. In: L.E. Lynn, C. Heinrich and C. Hill (Eds.), *Governance and Performance: New Perspectives*. Georgetown: Georgetown University Press.
- Monge, Peter R. and Noshir S. Contractor (2003) *Theories of Communication Networks*. New York: Oxford University Press.
- Powell, W. (1990). 'Neither Market nor Hierarchy: Network Forms of Organizations. In B. Slaw (ed.), *Research in Organizational Behaviour*. Vol. 12, pp. 295-336. Greenwich CI: JAI.
- Rhodes, R.A.W. (1990) Policy Networks: a British Perspective. *Journal of Theoretical Politics*, 2 (3) pp. 293-317.
- Rhodes, R.A.W. (1997) *Understanding Governance*. Buckingham: Open University Press.

Shane, Peter M. (Ed.) (2004). *Democracy Online, The prospects of political renewal through the Internet*. New York en London: Routledge.

Slaughter, Anne-Marie (2004). *A New World Order*. Princeton NJ: Princeton University Press.

Thompson, G., J. Frances, R. Levacic en J. Mitchell (Eds.) (1991). *Markets, Hierarchies and Networks : The coordination of social life*. London: Sage.

Van Dijk, Jan (2000) Models of Democracy and Concepts of Communication. In: K. Hacker and J. van Dijk (Eds.), *Digital Democracy, Issues of theory and practice*. London, Thousand Oaks, New Delhi: Sage.

Van Dijk, Jan (2006). *The Network Society: Social aspects of new media, Second Edition*. London, Thousand Oaks, New Delhi: Sage.

Zuurmond, Arre (1994). *De infocratie; Een theoretische en empirische heroriëntatie op Weber's ideaaltype in het informatietijdperk*. Den Haag: Phaedrus.