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Tools of government in governance – the case of Norwegian urban government

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Abstract

The notion of governance is often understood in relation to a claimed shift from government by the unitary state towards governance by and through a range of networks of various kinds. The claim in the literature is that there has been an increase in such new governance arrangements or hybrid structures like partnerships and networks. Furthermore, governance is understood as a challenge for urban governance, since public leaders are considered to be less able to influence and govern in an institutional setting where urban government is one among several actors having a hand on the wheel. The aim of this paper is to develop an analytical framework for measuring the use of public tools in a setting of governance, and based on an empirical study, to assess the toolbox, the use of different tools and their effects. The analytical framework departs from the classic NATO-scheme proposed by Christopher Hood, but a distinction between direct and indirect tools has been added. The analysis shows that public leaders have a rich toolbox available, and the assumption that public leaders can not govern in a setting of governance, needs to be nuanced. Furthermore we find that, in accordance with our assumptions, the various tools are rarely used in a direct way in the governing of networks. The paper ends in a discussion of some implication for further research as regards the need to understand the role of trust as a prerequisite for using tools in governance and the importance of facilitating network management.

Keywords:

Network, tools, governance, Norway

1. Introduction

Any urban government needs tools for governing, making it possible to influence society in certain ways and thereby realizing political programs or solves problems calling for solutions. Tools can be seen as a pivotal component in all democracies (Pierre and Peters 2000; Salamon 2002; Hood and Margetts 2007). An empty toolbox would mean that democracy itself failed. This importance of tools is reflected in a rich literature, dealing with tools along various conceptualizations and typologies (Salamon and Lund 1987, Hood 1983, Peters and Van Nispen 1998; Eladis, Hill and Howlett 2005, Hood and Margetts 2007).

The literature on tools of government typically reflects the basic idea that national and urban governments, in institutional terms, are separated from society and the tools bridge the gap between the public and society. Such an understanding is deeply challenged by the notion of governance, understood as a shift from government from the unitary state towards governance by and through a range of networks of various kinds (Rhodes 1997; Greenaway, Salter and Hart 2007). A major part of these networks are highly relevant for public policy and comprise government, but often in such a way that governments have no dominant position or capability to make commands. They are hybrid institutional arrangements, also comprising market actors and civil society.

The literature dealing with different kinds of governance arrangements, like partnerships and networks, commonly claims that there has been an increase in the number of such hybrid structures (Rhodes 1997, Klijn 2005). In institutional terms, governance seems to make the interface between government and society more seamless and complex and thereby public governing is made more complicated and indefinite. The claim in the literature is, furthermore, that steering has to take on a more indirect and “soft” form in the evolving governance networks, than within the more hierarchical approaches to governance (see for example Milward and Provan 2000; Kettl 2002; Salamon 2002; Sørensen 2006; Sørensen and Torfing 2007a,b).

The aim of this paper is to discuss this postulation based on empirical research from Norwegian urban governments. Our empirical analysis will be based on the classical *NATO-scheme* proposed by Hood (1983; Hood and Margetts 2007). This is a typology held to be generic: apparently valid for analyses of all kinds of organisations in relation to all kinds of environment. Here the NATO-typology will be adapted to analysis of governance networks. The scheme will, however, be supplemented by a distinction between *direct and indirect* use of the four kinds of tools in question. Based on this analytical concept, we will show that the tools of government rarely are used in a direct way in governance networks. But still, even in situations where governance has to be indirect and “soft”, urban governments do have a rich toolbox available. The analysis also reveals that the NATO-typology has certain limitations when applied to governance networks, and it is discussed how the notion of government tools can be developed to better capture the important elements in successful governance of networks.

In the following, we will first explain some of the main characteristics of governance networks, and thereby define the context for the kind of steering that may take place. Thereafter the analytical framework will be outlined. The data and method will then be presented, and the empirical findings analysed. Then follows a concluding discussion arguing that the well established NATO-scheme give a useful contribution to the understanding of how urban governments are able to influence on governance networks. But we also conclude

that a distinction between direct and indirect tools is necessary when applying the analytical scheme on networks, and following from this, the concluding discussion raises some questions and considerations about the role of trust as a ground for tools.

2. Governance networks – the context

Most of the literature dealing with public tools departs from the notion of government as a hierarchical system, where certain positions and roles are superior, and where behaviours and actions can be influenced by command. As briefly discussed above, “governance” is commonly understood as something opposite, a type of steering not leaning on any clear hierarchy, or allowing simple commanding. To explain the typical characteristics of governance, which is the setting for our analyses of tools, we will point to some dimensions of governance networks.

The notion of networks itself has a long history in political science and the study of public administration, and there is a large literature dealing theoretically and empirically with networks. Having no ambition of entering the definitional discussion of networks, we will build on the definition proposed by Sørensen and Torfing (2007a: 9-11). They claim to take the notion of “governance networks” to represent a particular type of network as well as a particular type of governance. They argue that governance by networks, i.e. governance networks, may be defined by five basic characteristics:

- 1) A relatively stable horizontal structure of *interdependent actors* with operational autonomy. Interdependence refers to the horizontal relationship between actors, but without saying much about the allocation of material or immaterial resources between the actors. The situation is, however, that nobody can use their power to exert hierarchical control over anybody without risking ruining the network. Similarly, the autonomy implies that the actors involved cannot be commanded by superiors to think or act in certain ways.
- 2) There are *negotiations* going on between actors trying to influence each other. These processes can take different forms, like bargaining or search for deliberative solutions. Consensus is a prerequisite for action in a governance network, but does not mean that conflicts are absent. Proposals may however be accepted despite persistent disagreement.
- 3) Governance networks operate within an *institutionalized framework*, in the sense that they have regulative, normative, cognitive and imaginary aspects (Scott 1994). As such, networks can be studied as institutions (see for example Bogason 2000; Klijn and Koppenjan 2006).
- 4) Networks are *relatively self-regulating* within limits set by external agencies. This means that decisions as well as procedural questions are dealt with and negotiated by the network itself. The particular political and institutional environment within which the networks operate will, however, both facilitate and constrain their capacity for self-regulation.
- 5) Governance networks contribute, by definition, to the *production of public purposes* in one way or another. The production of public purposes is not a necessary element to talk about networks, but network become “governance networks” only to the extent they deal with public policy (see also Parker 2007).

The many obstacles governments face when they try to steer networks, is a common theme in the literature. Peters (2006:1) argues that networks are based on self interests, and are probably more self serving than serving the public. John (2003: 486) argues that networks are static structures. When power relations are at stake, the existence of a network among organizations does not seem to be a particularly strong influence or constraint of human action. Likewise, Rhodes (2000: 81) argues that networks are difficult to steer, often they are inefficient because co-operation causes delay, and they may become immobilized by conflicts of interests. One can also imagine other mechanisms troubling common action in networks. In a study of three Dutch networks dealing with urban development, for example, Klijn and Teisman (2003) points to three obstacles that kept networks from reaching a proper solution to the problems they dealt with. The complexity it self meant there was a multitude of motivations, and participants were member of several others, partly competing networks. There were also complex institutional frames for network actors, for example different public agencies (e.g. regional and urban government) had different rules affecting “their” participants in the network. And finally, there was a gap in the values motivating members to join networks, especially between public and private actors.

These arguments and observations leave the impression that successful public steering of networks is much of a wonder. In order to understand how networks are governed, and under what circumstances networks can be governed, we will move to the discussion on tools of government. There are several ways to think about how governments can steer society (Pierre and Peters 2000: 37-47; Hoods and Margetts 2007: 1,2). The advantage with the tools approach, however, is that it does not address the question about the relationship between state and society referred to in the introduction to this paper. Focus is simply on the capacity of governments to make and implement policy (Pierre and Peters 2000: 42). Although limited in scope, the tools perspective should therefore contribute to enhanced understanding of one of the variables essential for policy success.

3. Analytical framework – tools of government for governing networks

There are many approaches that may be fruitful to analyse and understand the options governments have to shape society in general. Related to the governing of networks in particular, there is a growing literature conceptualizing such steering as “meta-governance”. This type of superior governance involves conscious and deliberate attempts by public authorities to regulate self-governing networks (Kelly 2006). Central to the meta-governance approach is the realisation that to deal with sensitive network activities, public authorities are reconfigured to adapt to the changing environment through new steering arrangements and the exercise of a variety of soft and hard governance tools (Jessop 2004; Sørensen 2007). One example of these frameworks is presented by Sørensen (2006), suggesting four kinds of meta-governance tools: policy and resource framing, institutional design, network facilitation and network participation.

However, the approaches referring to “meta-governance” basically depart from the literature on governance itself, in our view, having some analytically shortcomings, like the mixing of different analytical levels. Seen from a distance, one is tempted to argue there is a kind of gap in this field’s theoretical development, since the rich literature on tools, though departing from a “government” position, only seldom is referred to among writers arguing that networks can and should be influenced and governed by the public. Our aim here is therefore to enter this

discussion; not by referring to “meta-governance”, but rather from an opposite angle, building on one of the classic frameworks of government tools.

The framework laying the ground for our analysis has become known as the NATO-typology named after the four generic and systemic types of instruments outlined by Hood (1983): Nodality, Authority, Treasure and Organisation. The four kinds of tools are regarded both as detectors used by governments to get informed and as effectors to influence on society. The scheme was introduced in 1983 already, but has later been revised and adapted to the digital age (Hood and Margetts 2007). Introduced as generic tools, Hood and Margetts (2007) apply the concept to explore and explain the interface between government and society.

In most societies, governments are large institutions involved in a wide range of activities and have therefore more expertise and information than most other societal actors (De Bruijn and Heuvelhof 1997: 134, O’Toole and Meier 1999: 511, Sbragia 2000, O’Tool 2007: 218-221). This property of being in the centre gives rise to *Nodality*. Nodality equips governments with a strategic position from which to spread information to society as well as to detect information. Furthermore, *Authority* is strongly associated with governments and forms often part of the defining characteristic for governments. Authority gives government the ability to force societal actors, and to determine in a legal sense, like governments do in e.g. their tax policies or legislation against crime. Authority implies the legitimacy of legal or official power, and becomes manifest by demanding, forbidding, guaranteeing and judging. Authority may be used also to gather information. *Treasure* is related to the many and different economic tools most governments have at their disposal. Treasure gives government the ability to exchange, and to buy certain actions and behaviours. Money may be exchanged for goods, services, loyalty and political support. These tools encompass anything that can be freely exchanged, and may materialize as rewards as well as fines. Finally, *Organisation* points to the choice governments sometime have to act directly rather than to depend on third parties. Reference is made to knowledge, properties, equipment and other kinds of material power held by governments.

However, applying this analytical tool on networks, does not necessarily give sense, since the scheme has been developed to explain the interface between government and society, understanding government in line with the notion of a unitary state. When discussing tools of government there is a need to distinguish between different levels of governing or steering (Salamon 2002: 20). As illustrated in figure 1 we find that governments first need tools to influence in and on networks; and second networks need tools to influence society. The main aim of this paper is to discuss the tools governments use to influence on networks (“x” in figure 1) and make the will of governments come through – even if government is not in a dominant position.

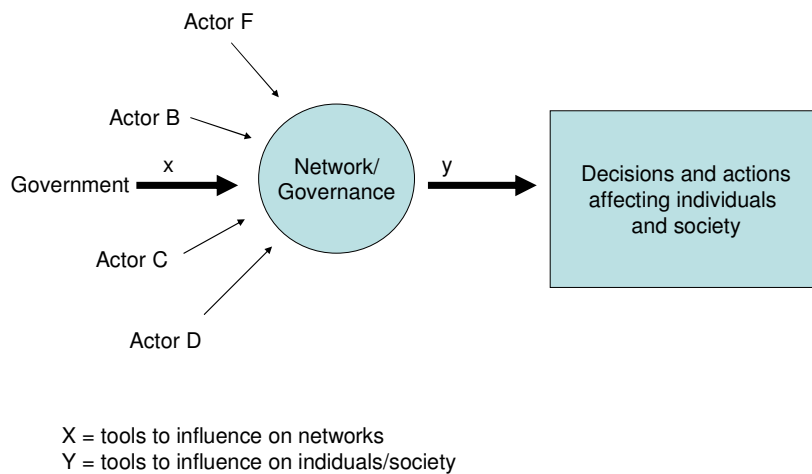


Figure 1: *Two levels of tools in the interface of government – society*

To be able to describe the nuances in the possibilities urban governments have to influence on networks, we will test the assumption that it is fruitful to make a distinction between *indirect and direct use* of the four types of tools. The terminology used here is inspired by Salamon (2002) who distinguishes between direct government as the delivery of services and goods by government bureaucrats, and indirect government that “... rely heavily on a wide assortment of “third parties” ... to deliver publicly financed services and pursue publicly authorized purposes” (Salamon 2002:2). The basic idea is that the public administration challenge has leaped beyond the borders of the public agency and calls for “new governance”. New governance involves collaboration between public as well as between public and private actors.

Salamon (2002) defines certain tools of government as indirect, like social regulation, contracting, loan guarantees, grants, insurance, vouchers etc. The NATO-scheme is, however, based on the logic of control mechanisms – not specific tools. And the four categories of tools defined by the NATO-scheme are too broad to allow for variations of directness in the use of tools. In order to make our typology more precise, in accordance with the main stream literature in the field, we have chosen to distinguish between various tools according to the degree of *coercion* they involve (Salamon 2002). An important reason for this choice is also that one of the paradoxes in network governance is that the use of authority, in the sense of law and coercion, may reduce the chance of a desired outcome (Milward og Provan 2000, Kettl 2002, Sørensen 2006, Sørensen and Torfing 2007b). Therefore it is pivotal in which way the different tools actually are used by urban governments.

Direct use of policy tools resembles the use of *coercion*, while *indirect use* has to be based on various *other sources of authority*. Thus, the indirect ways of using tools of government include discussion, negotiations and competition between sources of information; resources etc., while such relativism is not allowed when tools are used in a direct and coercive way. This distinction between direct and indirect use of the different kinds of policy instruments in the NATO-scheme is illustrated in figure 2. While the use of coercion obviously will be a

question of degree (a continuous variable) and probably should be approached as such empirically, for the purpose of simplification the figure only refers to the dichotomy “direct” and “indirect” use of the tools for the purpose of simplification.

Kinds of tools	The use of tools	
	Direct	Indirect
Nodality	Manipulative information (including propaganda)	Competing sources for information and dialog
Authority	Orders and legislative decrees followed up by control	Requests or appeals with no control, and no hidden threat
Treasure	Money of valuables in a situation when urban government is the only ”sponsor” (high degree of dependence economically)	Money of valuables in a situation when urban government form part of a market of ”sponsors” (high degree of independence economically)
Organisation	Action, including the actual presence by urban government in governance networks	Indirect action, including different kinds of formalised arrangements for collaboration

Figure 2: Direct and indirect use of the different tools of government

To give out manipulative information or propaganda to convince the receivers is regarded as coercive and a direct way to utilise the *nodality* as resource held by governments. As shown in figure 2, this tool may be used in an indirect way when sources of information are competing – when there is more than one “truth” – and dialog is needed both to give and get information. In democratic countries the latter obviously will most often be the situation, but the degree of coercion inherent in the use of this tool may still vary.

The point here is that public authorities will have an authoritative power and be a natural centre when engaging in collaborations, and thereby possess nodality. However, although this is true for national governments it may be true for urban governments only to the degree these have a certain capacity to act. Having the responsibility for a broad range of welfare services as well as for the industrial and commercial development locally, urban governments in all Nordic countries are involved in a long list of processes and projects of development, of spatial and other planning activities etc. (Sellers and Lidström 2007). Through such connections to pivotal decision making processes, urban governments in Norway may therefore be crucial nodes in cities. The relevance of this position as well as how the central position is used when collaborating in governance network decides how important nodality is as a resource or tool of government for urban governments.

Turning to the tools labelled *authority*, laws and regulation forced by governments are typically a direct way of using this tool while expressing goals; give political signals etc. are regarded as the indirect way. Initially, the ability to use authority is of course restricted because many areas in a liberal democracy cannot be regulated legally. Although urban governments in Norway lack legislative power, they can make binding decisions on a broad range of matters and they may control the following up of their decisions. However, to be in the position to make and follow up formal decisions is one thing, another matter is the authoritative power held by urban governments. Even weak political signals may give great influence on a governance network. It is, therefore, important to distinguish between the authority founded in the formal right urban governments have to force decisions on people and the authority gained because urban government actors are considered as legitimate and central actor in collaborations. As a tool of government therefore, the possibility for urban

governments to rely on authority will depend on local conditions and how urban governments are perceived by the participating actors.

As for *treasure* as a tool of government, to organize economic incentives in a situation where the receiver is fully dependent on the funding, may make the degree of coercion high. When collaborations have to rely on numerous sources for financing their activity, the economic situation may be harder and unstable, but independency will be substantial. In such situations, treasure will only to a limited degree equip urban governments with power to govern networks. The degree of coercion will diminish, and treasure will have to be used in a more indirect way as a tool of government.

Finally, the coercive way to use *organization* as a tool of government would be to incorporate the actions of the governance networks into a public agency. For collaborating relationships such a direct use of organisation is obviously irrelevant. To govern networks, organization is relevant to the degree that urban governments engage in collaborations directly. However, the degree of directness or coercion is also determined by the influence held by urban governments on the organisational design chosen, that is; the organisational framework, processes and actors allowed as participants in the governance networks (Sørensen 2006).

4. Data and method

The empirical study grounding the following analyses took “network” as a label for different kinds of collaborations involving urban government. Network was widely defined, in accordance with the definition above, and included various possible forms regarding e.g. formality, duration, etc. The study was made in 2007-2008, involving three medium sized Norwegian cities. In the first part of the project, the research team identified as many governance networks as possible involving the city government. This mapping, based on interviews with the city government leadership and the studying of the last four years of council minutes, revealed a large number of networks ranging from inter-municipal cooperation, limited companies involving the city government as a partly owner, collaborative projects with civil society or business sector to informal collaborations (Kristiansen 2007; Vabo 2007; Røiseland 2007). The team then selected nine networks for deeper study. A total of 70 qualitative interviews were completed in order to map the activities reported in the whole, typically 5-10 interviews for each network. In addition, written material was collected and has been analysed.

The three cities involved in the study are Narvik, Steinkjer and Drammen, all with a population ranging from 20.000 and 60.000, which according to a Norwegian standard, makes them medium-sized. Steinkjer and Drammen are regional centres, and in contrast to Narvik they host the country administration and several regional state agencies. The legal framework, including the functions they are expected to take care of, is however exactly the same for all three cities.

The purpose and aim of the nine networks are listed in the figure below.

Network/(city)/ time span	Aim
The Seven Part Cooperation (D) 1998–	<i>Shared policy – port activities:</i> An agreement on "coordination of planning processes for the seashore in the municipality of Drammen and Lier". In 2007/2008 concerned primarily with where to place the freight depot for the railway connection. The aim for the municipality of Drammen is to win support for moving the depot from the city centre to allow urban renewal there. At the same time they aim to connect the railway freight depot to the port activities – to connect inland transport (both by railway and trailers) to transport by sea.
Our city Drammen Ltd. (D) 1992–	<i>Production:</i> Developing and producing services for the trade and industry as well as the local council of Drammen to attract business and people to the city centre. The aim is maintain the appreciated vitality of the city centre of Drammen.
Project for Improved City Standing (D) 2005–2011	<i>Production:</i> Implement various means to improve the standing of Drammen municipality. The aim is to increase the number of inhabitants, encourage business settlement and improve the city standing in the municipality of Drammen and surrounding areas.
NEW (N) 1998–	<i>Shared policy – port activities:</i> NEW is an abbreviation for "North – East West Fright Corridor". It is a concept to connect inland transport (both by railway and trailers) to transport by sea. The aim is to establish a transport corridor between USA/Canada and Central Asia, via Narvik in Norway.
Futurum Ltd. (N) 1995 –	<i>Development:</i> Industrial and commercial development in the municipality of Narvik and the Ofot-region. Offer counselling, assistance and service as well as systematic work with the aim to improve industrial and commercial development and attract business to Narvik.
Travel business and industrial history (N) 2006–2010	<i>Development:</i> Generate tourism based on the history of local industry. This is the aim for the programme "Sustainable municipalities", where Narvik is a pilot participant.
Cities in Mid-Norway (S) 2003–	<i>Shared policy – port activities:</i> Alliance to promote the interests of Mid-Norway by initiating common industrial and commercial development projects for the cities in the region. In particular, efforts have been made to make the port activities in the different harbours in the region more efficient to attract more transport.
The Jubilee in Steinkjer Ltd. (S) 2004–2008	<i>Production:</i> Carry through the City Jubilee in January 2008. The goal was partly to celebrate, partly to utilise the opportunity to strengthen the tourism industry.
Travel business and cultural monuments on farmland (S) 2005–2008	<i>Production:</i> Help to farmers that have cultural monuments on their farmland to get them registered, remove vegetation and organise and make them visible as a basis to apply for national funding to develop the monuments into some kind of business. The aim is to secure diversity in cultural monuments, promote protection of the value they represent and increase value creation in the urban area.

Figur 3 *The nine governance networks – purpose and aim*

5. Empirical analysis

We now turn to the analysis of the governance processes we have studied in nine governance networks within three urban governments in Norway. The question is what kind of governance tools urban government use when they aim to govern the networks they participate in. Do we find some kinds of tools to be more in use than others? And what characterise the specific policy instruments in use? Furthermore, how do urban governments actually apply the various tools? Do we find that the process of governing is typically indirect and "soft"? Or do we also find direct use of different tools?

As a basis for the numbers presented in table 1 we have analysed the involved respondents' views on various ways the networks they are participating in are influenced or steered from the urban governments involved. What we focus on is, in accordance to the NATO-framework, the governance *mechanisms* in use. The analysis is, for example, not concerned with which actors are involved, whether it is the political leadership or the administrative part of urban governments.

In Table 1 four values are used to describe the degree of coercion in the tools of government used by the urban governments: *limited, moderate, considerable and decisive*. In cases where the role of the urban government is decisive, the tool of government is per definition used in a direct way. The three other values – *limited, moderate and considerable* – are used to distinguish between different degrees of coercion in the indirect use of the four tools of government. Tools not registered empirically are marked by “–”.

Network/(city)/ time span		Nodality	Authority	Treasure	Organisation
The Seven Part Cooperation (D) 1998–	Direct	–	–	–	–
	Indirect	2	–	1	1
Our city Drammen Ltd. (D) 1992–	Direct	–	–	4	–
	Indirect	3	3	–	3
Project for Improved City Standing (D) 2005–2011	Direct	–	–	–	–
	Indirect	3	1	3	3
NEW (N) 1998–	Direct	–	–	–	–
	Indirect	2	–	1	1
Futurum Ltd. (N) 1995 –	Direct	–	4	4	–
	Indirect	2	–	–	2
Travel business and industrial history (N) 2006–2010	Direct	–	–	–	–
	Indirect	1	–	2	1
Cities in Mid-Norway (S) 2003–	Direct	–	–	–	–
	Indirect	2	–	1	3
The Jubilee in Steinkjer Ltd. (S) 2004–2008	Direct	–	–	4	–
	Indirect	3	1	–	3
Travel business and cultural monuments on farmland (S) 2005–2008	Direct	–	–	–	–
	Indirect	2	–	1	2
		20/36	9/36	21/36	19/36

Table 1 *The use of tools of government by urban governments in nine networks – quantified expressions for qualitative data*

For *nodality* the decisive factor to classify the indirect use of the policy instruments according to the three categories has been how central the role of the urban government was as source for information (whether they had all crucial information or parts of it); and the degree of communication between the urban government and the network. Assessing *authority*, the premises laid down by the urban government in initial formulation of objectives as well as in contracts have determined the classification. Likewise, the level of compulsory reporting has been evaluated. Potential authority as responsible city planner has not been taken into account, because urban governments' use of such a tool obviously would be destructive for the work within the networks analysed – and have therefore not been used. When analysing *treasure*, the main question has been whether the network has been dependent on the urban government to finance its business (through grants or commissions). Alternatively the urban government may contribute with “seed money” only, or each networks participant count for their part of the costs. Finally for *organisation*, the assessment of degree of coercion has been dependent on two indicators. First, the question has been which role urban government has played in decisions on how to organise the network. The second criteria has been whether the urban governments is participating direct or indirect (through a board of directors, for example) in the network.

What can be observed in Table 1 is that all the four kinds of tools – nodality, authority, treasure and organisation – are used by urban governments to steer governance networks. We find that authority is the kinds of tools least used, while the three others are almost equally popular. An explanation to this pattern may be that the ability to use authority as a source of influence in governance networks per definition is restricted. To the degree that the actors involved are interdependent and the aim is to facilitate the networks' capacity to self-regulation, the use of orders and control to make decision on behalf of the network should obviously be avoided. The paradox, that extensive use of authority may ruin the collaboration, becomes visible here. The very limited use of authority is probably also a very good indicator on how network governance is perceived by urban governments: it seems to be fully acceptable to steer the networks, but not the “traditional way”, by regulations or orders and control.

Although authority is considerably less common in use than the other tools, this implies that governments need – and use – a broad variety of tools also when governing networks. Thus, it is hard to say that some kinds of governance tools are irrelevant for the governance of networks. On the contrary, we find it striking that all the different kinds of tools are so actively in use. As for nodality, for example, it is very clear in most networks that the way they are organised not so much underline the authority held by urban governments – but that representation from the local authority is essential for the work carried out by the network. Interestingly, the interviews show that this source of influence often is underestimated by urban governments themselves.

The other important finding revealed in table 1 is that a direct use of the various governance tools is very rare, as presumed in the theoretical discussion above. Only on four occasions we observe governance processes where the degree of coercion pursued through the tool used makes the urban government decisive. All these networks are organised as limited companies with the urban government as a minority owner, but which still may explain the use of more hierarchical and coercive tools. Moreover, the variations observed between these four cases are interesting. We find decisive use of treasure in combination with more or less indirect use of other tools – but also decisive use both of authority and treasure. The latter is the case in Futurum, a limited company governed very much in the same way as an ordinary agency.

Also for the case of Our city Drammen Ltd., it seems that a combination of a dominant position as sponsor and an arrangement where the network is more or less dependent on selling its services to the urban government involve considerable coercion in the use of the governance tools. An interesting combination, however, is the dominant role of the urban government as sponsor for The Jubilee in Steinkjer Ltd., but where the policy has been to trust the organised and inclusive network and limit the use of other tools of government available. In total, we see that urban governments' use of coercion was quite moderate in this case – and indeed regarded as such among the participants we interviewed. Thus, to characterise the process of governing networks the very combination of tools needs to be taken into consideration to decide what degree of coercion is found to be acceptable.

6. Concluding discussion

It is often claimed that an increase in different kinds of governance arrangements like networks, partnerships and companies, have decreased the potential for public steering, leaving political leaders in a weak and passive position. Even if the argument itself is controversial (Goetz 2008), it represents a fundamental problem for any democracy if it is true. However, the analysis above indicates that after all, there is an intact toolbox available for public leaders, and urban governments tend to steer more and stronger than the most pessimistic observers argue.

This variety of tools and their revealed use was building on a commonplace and classic framework for studying the tools of government. The analyses illustrate that the use of such a classic framework makes sense, even if the context of governing in our case is very different from the context for which the framework normally is used. Seen from this perspective, the dominating discourse on meta-governance probably will benefit from some kind of bridging to the classic literature on tools of government.

The main conclusion to be drawn from the empirical analysis presented in this paper is that urban governments, when governing networks, rarely use the available tools of government in a direct or coercive way. The typical use of government tools is indirect and “soft”. The indirect toolbox seems to be filled with many different variations of policy instruments. Nodality, for example, enables urban governments to play an essential informational role in networks, a role often underestimated by urban governments themselves. The use of “seed money”, representing another example, is also commonly in use. In general, tools based on nodality, treasure and organisation are more often in use than those based on authority. The use of authority is, in many ways, hard for urban governments to combine with the need for indirect steering and “soft” processes of governance. We find examples, however, where treasure and authority are used in a highly coercive way. Especially in cases when both treasure and authority are in use, it is hard to distinguish the observed governance of networks with “normal” hierarchical steering.

At the same time as the NATO-scheme seems fruitful in our analyses, we realize the framework is not without limitations. There are at least two ways in which this classification of policy instruments may be developed to better capture elements of great importance for successful governance of networks.

The first important element is *trust*. According to organisational theory, trust represents a general kind of control mechanisms (Bradach and Eccles 1989), and it is a well established

assumption that "...Trust is an important lubricant of a social system. It is extremely efficient; it saves people a lot of trouble to have a fair degree of reliance on other people's word" (Arrow 1974:23). Trust contributes to reduce the fear for opportunism, and the possibility that actors will behave opportunistic is therefore a premise for trust to be of significant importance. Although we may find high degree of consensus within networks, there is also a high risk for conflict. And lack of conflict and trust between the involved actors are actually seen as the most serious threat to networks work (see for example Agranoff 2007).

In the same way as Hood and Margettes (2007:122-125) argue that the size of the population and the degree of consensus in the society where the tools are applied must be taken into account, we will argue that also the degree of trust between involved actors is of utmost importance. Although tools are unlikely to be utilised to develop trust only, policy instruments will promote trust in different ways – and they may even promote distrust. However, it is hard to depict trust as an instrument. First of all trust has a self-fulfilling character: "... the existence of trust gives one reason to trust (for both social and transaction cost reasons), just as distrust begets distrust" (Bradach og Eccles 1989:107,108). Furthermore, the relation between the use of policy instruments and trust is not necessarily inherent in the tool used, but highly contextual.

The second important element for successful governing of networks is network *management*. There is a broad literature arguing for the importance of facilitating the processes going on within the networks (see for example Kickert, Klijn and Koppenjan 1997, Huxham and Vangen 2000, Goldsmith and Eggers 2004, Agranoff 2007). According to Goldsmith and Eggers (2004) and other writers in the field, the main elements in network management are to design the processes setting up network interactions; design the networks also to facilitate the existence of "a strong integrator"; establish "ties that bind" and generate trust among the participants; and to meet the accountability challenge. Furthermore, the capacity for network governance is dependent on adequate and sufficient skills and competencies. Furthermore, Huxham and Vangen (2000) focus especially on the need for leadership and emphasize three kinds of activities taken care of by the leadership: managing power and controlling the agenda; representing and mobilising member organisations and enthusing and empowering those who can deliver collaboration aims. These pivotal questions for network management are quite different from the questions addressed by the tools-approach for analyses of how networks are governed in this paper. However, in our opinion there is a parallel between the importance of establishing the leadership (setting up the board and/or engage the general manager) in a public company or other kind of independent public body and in governance networks (see also Sørensen 2006). We will argue that it is essential for urban governments to realise the importance of management in situations where networks are used to govern society. Following from this, in one way or another, *facilitation of network management* should probably be included in the toolkit, as well as in the analytical framework.

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