

Roar Amdam

The government-governance dilemma in regional public-private partnership

Author	Roar Amdam
Publisher	Volda University College
ISSN	0805-8075
Type set	Roar Amdam
Distribution	http://www.hivolda.no/fou

This paper was awarded best international paper at The 10th Sharjah Urban Planning Symposium, 23-25 November 2008.

© Author/Volda University College 2009

This material is protected by copyright law. Without explicit authorisation, reproduction is only allowed in so far as it is permitted by law or by agreement with a collecting society.

Notatserien er for ulike slag publikasjonar av mindre omfang, t.d. forprosjektnotat, foredrag, artikkelutkast o.a. Eit hovudføremål med serien er å stimulere til publisering og fagleg debatt i miljøet. Spreiinga går i hovudsak til fagmiljøet i Volda, til eksterne fagmiljø og personar som forfattar(ar) ønskjer kommentarar frå. Kvar forfattar er ansvarleg for sitt arbeid.

Abstract

In the regional policy, governance structures like regional development agencies and development projects, seem to live in the shadow of the formal government structure. Government and governance are now both important part of regional development processes, but the relations between government and governance is complicated. The regional governance structures need to get acceptance and legitimacy from the government structure in order to maintain power in the policy process, but in the policy making process the governance structure often need to oppose the government structure. This situation can be wicked, but is well known from the discussion of how to combine top down and bottom up policies. In the planning theory there is a long debate of what form of planning is best suited in this situation, and one of the main conclusions is that there is a need for a regional institutional capacity building process and that this process need to combine different forms of planning. In this paper we regard governance as a part of this institutional capacity building process, and want to explore to what extent, and similar to planning, the regional governance consist of different form of partnerships and how these partnerships have solved the wicked problem of living in the shadow of government.

Keywords: Regional development, planning, partnership, government, governance, legitimacy

Introduction

In the last decades regions have been given an increased importance in formulation and implementation regional policies. The operating principles of EU regional policy involve greater delegation to the regions and mobilisation of organisations to work in governance partnerships. These principles have led to the establishment of regional governance structures for planning and implementation of regional policies (Uyarra 2007:244). The regional institutional capacity emerges from a dual process of top down institutional changes, and a bottom up regional political mobilisation (Keating and Loughlin 1997). But a region is neither reducible to an empirical given, nor merely a “container” of social processes (MacLeod and Goodwin 1999). According to Paasi (1986) and Paasi et al. (1994) a region represents the condensation of a complex history of economic, political, and social processes into a specific cultural image. Central to Paasi’s analysis is the institutionalisation of the region, defined as the socio-spatial process during which some territorial units emerge as part of the spatial structure of a society and become established and clearly identified in the distinct spheres of social action and social consciousness (Paasi 1986:121). Elements or phases in this process are: (1) localisation of organised social practices, (2) formation of identity, (3) emergence of institutions and (4) the achievement of administrative status as an established spatial structure. This regional bottom up institution building process is in contrast to much of the top down and administrative regional institution building process within the implemented regional policy.

In political theory the term government refers to the formal institutions of the state like ministries, agencies, municipalities and counties, and their monopoly of legitimate coercive power. The government structure is hierarchical and top down (command-and-control) forms of setting rules and exercising power and is recognised as legitimate via socially agreed

conventions. The concept of governance, in contrast, is wider and directs attention to the distribution of power both internally and externally to the state. Governance is about governmental and non-governmental organisations working together on voluntary bases in a new planning and implementing structure based on partnership between public, private and voluntary sector and between national, regional and local level. Governance is networks based on interactive relationship and independent and interdependent actors who share a high degree of trust despite internal conflict and oppositional agendas (Swyngedouw 2005:1994-1995).

The public-private partnerships in regional policy are a part of this governance structure. These partnerships have become important instruments in formulating and implementing regional policy. The mission of public-private partnership is often to create synergy and solutions of problem that the public and private sector on their own not are able to solve. In practice the implication of public-private partnership is that the partners must be willing to accept the solutions partnership put forward, and must be willing to implement activities that to some degree can come across their own needs, interest and goals. For this reason the governance partnership have a strong need for acceptance and legitimacy. In order to make a counterforce to the sectorised government power structure that dominates modern societies, governance partnership in regional planning and development needs to create legitimacy from inside the region and achieve legitimacy from outside. The governance partnerships must be regarded as legitimate and have to be accepted by the public, private and voluntary sectors and by local, regional and national levels of government. This situation becomes a kind of dilemma. Public-private partnership with partners from the government structure working together on voluntary bases need to be strong enough to influence the partners policy making, but is that possible when the partners are free to leave the governance partnerships.

Theoretical perspective

In regional policies there is now an obvious turn from planning approaches based on government to governance. In this policy the regions can maximise their competitive potential if they are able to produce their own institutional capacity for economic growth (Amin 1999). Planning and partnership is regarded as important tools for regions in this capacity building process (Andersen 2002 and 2003, Cars and Sydow 2001, Gjersten and Halkier 2004). However, if regions shall perform as political actors, they need an institutional capacity to mobilise own resources and to respond on treats and opportunities in the context (Cameron, Danson and Halkier 2000, Healey 1997 and 2005). But some authors are sceptical to what extant partnership can solve the problem of regions (Nelson and Zadek 2000, Gjertsen 2002), and it is documented that partnerships reduce the elected politicians power.

Swyngedouw (2005) discuss the Janus face of governance, and concludes that instead of enhanced democracy, extension of “holder” participation and improved transparency, governance can become élite technocracy and power-based interest intermediation and face considerable internal and external problems with respect to accountability and legitimacy.

The term governance is used in a variety of ways, but there is baseline agreement that governance refers to the development of governing styles in which boundaries between and within public sector has become blurred. The governance concept points to the creation of new structures that is a result of the interaction of different actors from public, private and voluntary sector. The relative boundaries between these three sectors vary significantly from time to time and from place to place. Some authors warn that the growing obsession with governance mechanisms as a solution to *market failure* or *state failure* should not lead us to neglect the possibility of *governance failure*. We must avoid seeing governance as necessarily being a more efficient solution to problems of economic or political co-ordination than

markets or states. Jessop (1997) writes that we must ask critical questions about those institutions and networks that emerge in their place. Uyarra (2007:256) concludes her critical discussion of governance in regional innovation policies, that there is a need to better investigate the formulation and implementation of innovation policies in a multilevel, multiactor context, and a need to better understand the diversity of the regional context. At the moment there seem to be a dichotomy between studies of countries and studies of regions that have hindered studies of multilevel interrelations (Uyarra 2007:251)

EU development program like INTERREG, LEADER etc. are examples of such multilevel and multiactor governance structures involving supra-national, national, regional and local entities from public, private and voluntary sectors. Much of the regional development work is part of such implementation programs or chains (Bache 2004). The concept of *implementation chain* illustrates the complex meeting of top down and bottom up policy on different arenas between the formal government levels and between public, private and voluntary sectors. Such governance partnerships might be a result of a network coordination in which formally independent actors cooperate on long term based on a mutual dependence (Gjertsen and Halkier 2004).

We have learned from studying implementation chains in regional development that partnerships are in need for constantly seeking legitimacy and accept, both from the partners and from other actors. So instead of regarding partnerships as permanent structures, partnerships can be regarded as an institutional building process. In our understanding the process consists of institutional, strategic, tactical and operative planning, and of monitoring and learning. We have found that planning process that not consists of these forms of

planning, will fail in the capacity building process and in legitimating the planning institutions (Amdam 2008).

Institutional planning is a systematic process of developing a frame of reference for future decisions and actions by a relevant community. These issues concern the relation between the context and the regional planning institution, and the normative influence of the planning documents compared to other juridical norms. This discussion is about the reason to exist or the mission, acceptance and legitimacy. The *strategic planning* concerns the conflicts of norms and values, and is a topic for mainly communicative planning, i.e. planning as a social interactive process between actors who are seeking consensus and mutual understanding. This also involves a discussion of whose needs; interests and values are to be favoured. The *tactical planning* concerns the conflicts of interests that are often connected with the utilisation of resources in coordinative planning, i.e. planning with the focus on how to deploy organisations to undertake the necessary actions at the appropriate time to accomplish mutual agreed upon outcomes. The *operative planning* concerns the discussion of facts and data and is a discourse tied mainly to instrumental rationality, i.e. planning as a deliberative activity of problem solving, involving rational choices by self-interested individuals or homogenous social units.

In this paper we want to explore to what extent, and similar to planning, the regional governance consist of different form of partnerships and how these partnerships have solved the wicked problem of living in the shadow of government.

We regard governance partnerships as an inter-organisational construction with organisational-like elements:

1. *Context* which more or less influence the network and which the network itself can influence and even control to some extent. Central terms are degree autonomy, acceptance, legitimacy and formalisation.
2. *Goals* can be formulated as purposes, mission and visions, and concrete working aims which express tasks the network wants to realise. Goals can be unclear and contradictive and reflect conflicts among the partners, and between the partners and the goals of the network.
3. *Members* or actors, who pull together in the wish of fulfilling mutual developed goals. Network need members who mainly think and act the same way, but at the same time allow their members to have different understanding, goals, needs, wishes and opinions. The members can be employed in public, private or voluntary sector, or be democratic elected members form voluntary sector or the political sector.
4. *Relations* among the members, and among members and people in the context. These relations can be harmonic and dominated by common values and opinions, by trust and symmetric power. Or they can be dominated by disagreement and conflicts, by mistrust and asymmetric power. In addition, the relations can be stable or unstable.
5. *Structure* which make possible a specialisation and a division of work, and a hierarchy which distributes power among the specialised parts. Plans, rules, routines, and processes are used as coordinating mechanisms.
6. *Production* of products and/or services (out puts) which include effects and consequences for both the network and the context (outcome).

When we combine the planning process with the institutional, strategic, tactical and operative planning with the organisational-like element of governance partnerships, we can identify four different forms of partnerships that we will use in analysing our empirical data.

Institutional partnership is highly formalised, has an external given acceptance and legitimacy, and a limited number of members. The main purpose of these networks is frame setting for other partnership, and in practice these partnerships are superior to other partnerships. In a project the steering group will have the character of an institutional partnership. We expect partners from the government structure in institutional partnerships to focus on the implementation of the mission of the partnership, but to be reluctant in involving themselves in concrete actions.

Strategic partnership is little formalised and has a relatively flat hierarchy. The activity is variable, and the number of members is uncertain and changing. These partnerships are often mobilised around a core of members when the situation demands it, and there is a need for a great number of members in order to influence the agenda setting. These partnerships need members that share a common understanding of the situation and a common vision of the future, and agreed upon strategies. In these partnerships the partners from the government structure will clearly experience dilemmas when participating in governance structures, because much of the strategic work in governance partnerships is to influence the public sector political agenda. Therefore we expect partners from the governance structure to involve them in the strategic planning process, but to be a little bit reluctant in binding themselves to the strategies when it comes to issues that have implication on the public sector political agenda.

Tactical partnerships are highly formalised, have a limited number of members, and have a strong need for an agreed upon and accepted common action program. In addition the partners need to get their part of the common action program prioritised in their own action programs. As for the strategic partnerships, the partners are caught in situation of uncertainty. How much can they contribute to the common action program, and how much involvement are their own organisations willing to accept. If there is a big difference between what the partners say they shall do, and what they actually do, they will lose trust and become less important partners in the future.

Operative partnerships has a very high degree of formalisation, external given legitimacy, a limited number of members, a clear hierarchy, a well developed specialisation, and has a clear focus on getting thing done. These partnerships are often organised as projects and the relations between the partners are formalised with legally binding contracts based on the previous institutional, strategic and tactical planning. Active involvement from the contract partners is therefore expected, accepted and regulated.

Method and analysis

The data is collected through studying plans and other relevant documents, and through personal interviews with public and private sector partners in several different partnerships involved in the regional development. The partnerships are all located in the county of Møre and Romsdal which is a coastal part of the West-Norway. This part of Norway is a maritime cluster with dominating activity within fishery, fish processing, ship construction, building and maintaining, and all kind of activity related to offshore oil and gas production.

The county municipality has regional development as a main task, has a County strategic development plan and a Regional development program with focus on industrial

development. This program is called, and is regarded as a partnership, and representatives from the private sector have been involved in setting up the program. The funding that is allocated in this program is only public money, and the partners or actors in the implementation of the program, are mainly public sector actors. However, when it comes to the concrete activities mentioned in the program, like Vanylven Growth (see later), we will see that private sector actors are involved. The program covers only a part of the ongoing regional development work in the county, and out of the four partnership we present here, only Vanylven Growth are mentioned in the program.

The county has 37 municipalities providing welfare state production within health and education, and the municipality has the power to make municipal strategic development plans including binding land use plans.

Vanylven Growth

Vanylven is a small and remote municipality in this county which has lost a lot of employment within mine industry and in ship building. Some years ago they got a national status as community with special need for help in their regional development work. The municipality got funding for this, and Vanylven Growth was established. This organisation is formally a municipality enterprise which is defined and regulated as such through the Local government act. This partnership has a board with representatives from the state, county, the municipality and the local industry. The municipality council is the general meeting of the enterprise. The purpose of the partnership is to support existing industry and stimulate new industry, improve communication infrastructure and the living conditions. Activities within entrepreneurship and competence have had focus up till now. Our informants from the municipality, especially the politicians, say that the partnership has taken important political issues from the political arena, and that the elected politicians need to have more control over the agenda of Vanylven Growth. The informants from the state and the county say that their

role in the partnership is to be observers in the board and to inform about their policies. The representatives from private sector seem to be satisfied with the situation and the outcome of the partnership.

The main problem with this partnership is linked to the role of being a development agency with responsibility for the broad mission of developing the municipality as a community, while the power to do the municipality planning still is in the hand of the municipality. If the strategic and tactical planning in the municipality had given the partnership a clear political mandate, the partnership could focus on implementing on the operative level of the decided policy of the municipality. Instead the partnership have to make strategical and tactical planning themselves, and the partnership end up in a situation with conflict with the municipality council which experience that the partnership is reducing the power of the council.

Haram Innovation Studio

Haram municipality has for a long period had successful partnerships with their local industry in what they call the Haram Model. These partnerships have fostered activities on labour recruitment, information technology and infrastructure, and cooperation between local firms and primary and secondary schools. Some of these local firms are world leading in developing and production of equipment for fishing boats and offshore supply boats. The Haram Innovation Studio is a relative new organisation and it functions as a resource centre. Our informants regard the studio as an integrated part of the Haram Model. Through competence development and work process development the centre supports the local schools and the establishing and established companies. The studio has a staff of two persons and the studio is located in Haram Competence Park. The studio is formally organised as non-profit organisation and has 17 owners, most of them are local firms, and the local firms have the majority in the board. The municipality school and education administration is involved, and

the county administration is involved with one of their regional development programs. Our informants say that they have good relations with all the actual actors. The activity has been concentrated on recruitment of engineers and on collaboration between the local schools, local firms and regional and national research and development institutions. Our informants have experienced that they as partnership not are a part of the governance hierarchy, and that they need to work through the partners in order to obtain the wished activity. These partners work more or less on voluntary basis with activities. At the same time they say that the studio has a need for a bigger staff in order to implement all the needed activity. The informants see a strong need for clarified and accepted strategies for the studio as partnership and for the different partners. Now the studio is involved in the work on Haram strategic municipality plan, which is a common arena for the public, private and voluntary sector to develop new strategies for the local development work, and which can become a new platform for the activity of the studio in the coming years.

Kom Trainee

Kom Trainee is a partnership that helps young people with a high level of skill to direct their focus towards Kristiansund and the surrounding area. Kom Trainee tries to increase the brain capacity in the region by announcing job positions and employing five to seven trainees each year. The trainees are employed by the member companies for a period of two years, and goes through modules of eight months in different companies. In addition to being placed in the companies, the trainees are offered a program consisting of themes like communication, media handling, project management and stress management. It started with 6 members, but today 17 companies, with a wide professional expertise, have joined Kom Trainee. These companies represent different lines of business within both public and private sectors. The county and several municipalities are partners together with international companies like Shell, StatoilHydro, Aker and some national banks. The partnership is formally a non-profit

organisation with a board consisting of representatives from all the partners. A local project leader company is project leader and secretary for the Kom Trainee. Our informants are satisfied with this solution, because several persons with different competence in the company are involved in the secretary, work for Kom Trainee. Some of the partners say that may be the partnership now has too many partners, but so far the number of members has not created any big problem. However, some other informants point out that it is important involve a wide range of companies in the partnership, but young and old, small and big and form different branches. Informants from the member companies says that the partnership do not solve the recruitment problem in the region, but help the members to get an overview of the persons that are available, and the trainees get to some extent a kind of belonging to the partners. These factors help the partners in their efforts to recruit the right persons for them. Other effects of the partnership are that the previous closed oil industry has open up a bit and given the partners insight in their work and challenges, and the partners have become aware of the importance of creating places with good living conditions.

International maritime education centre

This is a share holding company localised in the Knowledge Park in the town of Aalesund, and is owned by The Aalesund maritime and polytechnic school (County municipality owned and financed), The University College of Ålesund (national stat owned and financed), and a non- profit organisation with members from the local industry. The board has three members and the administration counts one person (now the former county council mayor). The mission of the centre is to prepare and distribute maritime education nationally and internationally. The education is given by the polytechnic school and the university college, and other providers of maritime education. In addition the mission is to coordinate activities between the polytechnic school and the university college when it comes to maritime certificates, on-the-job training, and the use of technical equipment (simulators etc.). One of

the achievements the centre is proud of is their role in relocating one of the schools so that the college and the polytechnic become localised together. A major turning point for the centre occurred this spring when one of the partners, Rolls Royce Maritime, which have their maritime headquarter in this region, decided to support this centre to become an international maritime education centre. Our informants says that they are satisfied with the centre as provider of education, but add that the centre can become more active in seeking contact with partners and listen to their needs. They underline this with saying that it is important now to prepare for the low conjuncture that soon will come in the maritime sector.

Conclusion – partnership as process

The discussion seems to support the understanding of partnership, not as a static organisation, but as continues partnership building in form of a legitimating process with institutional, strategic, tactical and operative level. Planning is an important tool for governance partnership in this process and in coping with the problem of living in the shadow of government. If the planning process has supported the partnerships with clear and limited missions, as for the Kom Trainee and International Maritime Education Centre, there seem to be few or none problem between the partnerships and the government structure. But when the partnerships have a broad mandate of community development, as for the Vanylven Growth and to some degree Haram Innovation Studio, and the planning process insufficient, there is a lot of actual and potential conflicts between the government and governance structure. In these cases the partnerships can suffer under lack of top down legitimacy, and their own effort to clarify their mandate, can trigger the situation. For these partnerships living in the shadow of government can easily become a dilemma and a wicked problem.

References

- Amdam, R. 2008: "Empowerment planning in regional development". *European Planning Studies*. Forthcoming.
- Amin, A. 1999: "An institutional perspective on regional economic development". *International Journal of Urban and Regional research*, 23.2: 365-378.
- Andersen, O. J. 2002: "Det fristilte partnerskapet: Kommersiell bedriftsutvikler eller lokal utviklingskatalysator?" *Norsk statsvitenskapelig tidsskrift* nr. 2/2002.
- Andersen, O. J. 2003: "Offentlig-private partnerskap: En ny kanal for lokal deltakelse and mobilisering?", in Finstad, N. and N. Aarsæther (eds.) *Utviklingskommunen*. Oslo: Kommuneforlaget.
- Bache, I. 2004: "Multi-level governance and European regional policy", in Bache, I. and Flinders, M. (eds.): *Multi-level Governance*. Oxford: Oxford University Press.
- Cameron, G., Danson, M. and Halkier, H. 2000: "Institutional Change, Governance and Regional Development: Problems and Perspectives", in Danson, M., Halkier, H., and Cameron, G. (eds.): *Governance, Institutional Change and Regional development*. Ashgate. Aldershot.
- Cars, G. and von Sydow, Å. 2001: "Governance and Partnerships in Sweden". *Swedish Planning – in Times of Diversity*. PLAN. Stockholm.
- Gjertsen, A. 2002: "The Norwegian Cases – Partnership Out of Step? The Regional Level under Pressure", in Östhol, A. and Svensson, B. (eds.): *Partnership Responses – Regional Governance in the Nordic States*. Nordregio Report 2002:6. Stockholm: Nordic Centre for Spatial Development.
- Gjertsen, A. and Halkier, H. 2004: "Regional utvikling and partnerskap – et komparativt blikk på norske and danske erfaringer", in Amdam, R. and Bukve O. (eds.) *Det regionalpolitiske regimeskiftet – tilfellet Noreg*. Trondheim: Tapir Akademisk Forlag.
- Habermas, J. 1995: *Between facts and norms: Contributions to a discourse theory of law and democracy*. Cambridge: Polity Press.
- Healey, P. 1997. *Collaborative Planning. Shaping Places in Fragmented Societies*. London: Macmillan Press LTD.
- Healey, P. 2005: "Governance capacity, policy network, and territorial specificities", in Albrechts, L. and Mandelbaum, S.J. (eds.) *The Network society*. London: Routledge.
- Jessop, B. 1997: "A neo-Gramscian approach to the regulation of urban regimes: accumulation strategies, hegemonic projects, and governance", in Lauria, M. (ed.) *Reconstructing regime theory: regulating urban politics in a global economy*. London: Sage.

- Keating, M. and Loughlin, J. (eds.) 1997: "Introduction", in Keating and Loughlin: *The Political Economy of Regionalism*. London, Frank Cass.
- MacLeod, G. and Goodwin, M. 1999: "Space, scale and state strategy: rethinking urban and regional governance". *Progress in Human Geography* 23, 4: 503-527.
- Nelson, J. and Zadek, S. 2000: *Partnership Alchemy – New Social Partnerships in Europe*. Copenhagen: The Copenhagen Centre.
- Paasi, A. 1986: "The Institutionalization of regions: a theoretical framework for understanding the emergence of regions and the constitution of regional identity", *Fennia* 164: 105-146.
- Paasi, A., Raatikka, A., Raivo, P. and Riikonen, H. 1994: "Regions, places and landscape: research in regional and human geography at Oulu University", *Fennia* 172: 153-161.
- Swyngedouw, E. 2005: "Governance Innovation and the Citizen: The Janus Face of Governance-beyond-the-State". *Urban Studies*, 42: 11: 1191-2006.
- Uyarra, E. 2007: "Key dilemmas of regional innovation policies". *Innovation*, 20: 3: 243-261.