Governance as theory: five propositions

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Anglo-American political theory uses the term ‘government’ to refer to the formal institutions of the state and their monopoly of legitimate coercive power. Government is characterized by its ability to make decisions and its capacity to enforce them. In particular government is understood to refer to the formal and institutional processes which operate at the level of the nation state to maintain public order and facilitate collective action.

Theoretical work on governance reflects the interest of the social science community in a shifting pattern in styles of governing. The traditional use of ‘governance’ and its dictionary entry define it as a synonym for government. Yet in the growing work on governance there is a redirection in its use and import. Rather governance signifies ‘a change in the meaning of government, referring to a new process of governing; or a changed condition of ordered rule; or the new method by which society is governed’ (Rhodes, 1996, pp. 652–3).

The processes of governance lead to outcomes that parallel those of the traditional institutions of government. As Rosenau (1992, p. 3) comments:

To presume the presence of governance without government is to conceive of functions that have to be performed in any viable human system . . . Among the many necessary functions, for example, are the needs wherein any system has to cope with external challenges, to prevent conflicts among its members . . . to procure resources . . . and to frame goals and policies designed to achieve them.

Goverance is ultimately concerned with creating the conditions for ordered rule and collective action. The outputs of governance are not therefore different from those of government. It is rather a matter of a difference in processes.

Reviews of the literature generally conclude that the term – governance – is used in a variety of ways and has a variety of meanings (Rhodes, 1996; Stoker, 1997). There is, however, a baseline agreement that governance refers to the development of governing styles in which boundaries between and within public and private sectors have become blurred. The essence of governance is its focus on governing mechanisms which do not rest on recourse to the authority and sanctions of government. ‘The governance concept points to the creation of a structure or an order which cannot be externally imposed but is the result of the interaction of a multiplicity of governing and each other influencing actors’ (Kooiman and Van Vliet, 1993, p. 64).

What is interesting is how governance is used in a range of practitioner and academic settings in an attempt to capture a shift in think-
ing and ways of working. In Britain and the United States the word governance has undoubtedly entered the vocabulary of elected and unelected officials. Governance also has a resonance in the policy debates of other Western democracies. In developing countries, too, governance has entered the policy arena. For the World Bank it is at times reduced to a commitment to efficient and accountable government. Others use it more broadly, and in tune with the tenor of this article, to recognize the interdependence of public, private and voluntary sectors in developing countries.

Of course governance is sometimes used for rhetorical rather than substantive reasons. At times in Osborne and Gaebler (1992) governance appears to be used in place of government as if ‘government’ was a difficult word to sell in a privatized, market-orientated society. Governance is about a ‘reinvented’ form of government which is better managed. The Osborne and Gaebler work is about how a government might make sensible and effective use of a wider range of tools beyond the direct provision of services. Governance for them is about the potential for contracting, franchising and new forms of regulation. In short, it is about what others refer to as the new public management (Hood, 1991). However governance as used in this paper is about more than a new set of managerial tools. It is also about more than achieving greater efficiency in the production of public services.

Governance is on occasions used to provide the acceptable face of spending cuts. It is a code for less government. The rise of governance undoubtedly reflects to a degree a search for reductions in the resource commitment and spending of government. It involves a recognition of the limits of government. Yet its rise reflects a range of broader forces. Governance is not the narrow product of fiscal crisis.

The academic literature on governance is eclectic and relatively disjointed (Jessop, 1995). Its theoretical roots are various: institutional economics, international relations, organizational studies, development studies, political science, public administration and Foucauldian-inspired theorists. Its precursors would include work on corporatism, policy communities and a range of economic analysis concerned with the evolution of economic systems. Insights can be drawn from this literature but its very diversity requires the development of a governance perspective.

The contribution of the governance perspective to theory is not at the level of causal analysis. Nor does it offer a new normative theory. Its value is as an organizing framework. The value of the governance perspective rests in its capacity to provide a framework for understanding changing processes of governing. As Judge et al. (1995, p. 3) comment, such conceptual frameworks ‘provide a language and frame of reference through which reality can be examined and lead theorists to ask questions that might not otherwise occur. The result, if successful, is new and fresh insights that other frameworks or perspectives might not have yielded. Conceptual frameworks can constitute an attempt to establish a paradigm shift.’ The value of such frameworks can be found in their identification of what is worthy of study.

The governance perspective works if it helps us identify important questions, although it does claim to identify a number of useful answers as well. It provides a reference point which challenges many of the assumptions of traditional public administration.

The discussion of governance in this paper is structured around five propositions. The aim is to present a number of aspects of governance for consideration rather than make a series of statements that can be shown to be either true or false. The five propositions are:

1. Governance refers to a set of institutions and actors that are drawn from but also beyond government.
2. Governance identifies the blurring of boundaries and responsibilities for tackling social and economic issues.
3. Governance identifies the power dependence involved in the relationships between institutions involved in collective action.
4. Governance is about autonomous self-governing networks of actors.
5. Governance recognizes the capacity to get things done which does not rest on the power of government to command or use its authority. It sees government as able to use new tools and techniques to steer and guide.

These propositions are considered to be complementary rather than contradictory or in
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competition. Each proposition has associated with it a certain dilemma or critical issue:

– There is a divorce between the complex reality of decision-making associated with governance and the normative codes used to explain and justify government.
– The blurring of responsibilities can lead to blame avoidance or scapegoating.
– Power dependence exacerbates the problem of unintended consequences for government.
– The emergence of self-governing networks raises difficulties over accountability.
– Even where governments operate in a flexible way to steer collective action governance failure may occur.

1. Governance refers to a complex set of institutions and actors that are drawn from but also beyond government

The first message of governance is to challenge constitutional/formal understandings of systems of government. In the British case it provides a challenge to the ‘Westminster model’ (Gamble, 1990). From the perspective of this model the British political system was characterized by parliamentary sovereignty, strong cabinet government and accountability through elections. The dominant image was of a unitary state directed and legitimated by the doctrine of ministerial responsibility. Governance suggests that institutional/constitutional perspectives, such as the Westminster model, are limited and misleading. The structure of government is fragmented with a maze of institutions and organizations. The Westminster model in particular fails to capture the complex reality of the British system. It implies that in a unitary state there is only one centre of power. In practice there are many centres and diverse links between many agencies of government at local, regional, national and supranational levels. There is a complex architecture to systems of government which governance seeks to emphasize and focus attention on.

Complexity is in part ensured by the scale of the modern government which in Britain has created a highly functionally differentiated system. The phenomenon of complexity has been compounded by the trend towards establishing principal–agent relations throughout much of the machinery of government. In Britain the establishment of agencies, direct service organizations, opted-out hospitals and schools are visible expressions of the widespread use of a purchaser–provider paradigm. In addition there has been a ‘hollowing-out’ of the national state as it has lost powers to the inter-governmental and local/regional level.

The governance perspective also draws attention to the increased involvement of the private and voluntary sectors in service delivery and strategic decision-making. Responsibilities that were previously the near exclusive responsibility of government have been shared. Contracting-out and public-private partnerships are now part of the reality of public services and decision-making in many countries.

The governance perspective in part builds on the challenge to the legal/constitutional tradition that up to the 1950s dominated the study of politics. It argues for a shift of focus away from formalities and a concern with what should be, to a focus on behaviour and what is. In the modern world of government ‘what is’ is complex, messy, resistant to central direction and in many respects difficult for key policy-makers let alone members of the public to understand. Broadly the governance perspective challenges conventional assumptions which focus on government as if it were a ‘stand alone’ institution divorced from wider societal forces.

It is the confusion and uncertainty created by a system that is now so far divorced from our formal constitutional understanding that reveals the first dilemma of governance. Research conducted for the ESRC Local Governance Programme shows that the emerging system in which responsibilities are shared between local authorities and a range of other public and private providers lacks strong normative underpinning in public opinion (Miller and Dickson, 1996). The public demonstrated a strong preference for organization and control of local services to be in the hands of an elected council as against appointed bodies or private sector providers. The model which was seen as the most appropriate and which attracted in the abstract the highest levels of support was the
traditional model of the local authority as the dominant agent for providing community services. Models of provision run by appointed bodies, private-sector providers or even those run directly by service users were not seen as legitimate. Overall appointed bodies and private-sector providers received a modest negative rating from the public.

The divorce between the normative codes used to explain and justify government and the reality of the decision-making in the system creates tensions. As Peters (1993, p. 55) comments: ‘We must be concerned with the extent to which complex structures linking the public and private sectors . . . actually mask responsibility and add to the problems of citizens in understanding and influencing the actions of their governments.’

The issue is more than there being a ‘cultural lag’ while public attitudes catch up with the new reality of public services. The public and, more specifically, the media lack a legitimation framework in which to place the emerging system of governance. In the British case, tensions have surfaced beyond local governance in concern about unaccountable quangos, the difficulty of separating policy and operational matters, the influence of faceless bureaucrats and the nature of ministerial accountability.

The exercise of power needs to be legitimate. This argument is more than a normative assertion. It rests also on the pragmatic grounds that to be effective in the long run power-holders must be seen to be legitimate. A legitimation deficit undermines public support and commitment to programmes of change and ultimately undermines the ability of power-holders to mobilize resources and promote co-operation and partnership.

Beetham (1991, p. 19) suggests that there are three dimensions to the legitimacy of a
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political system. Beetham’s criteria come not from abstract philosophical reflection but from empirical observation of the workings of political systems.

For power to be fully legitimate . . . three conditions are required: its conformity to established rules; the justifi-
ability of the rules by reference to shared beliefs; and the express consent of the subordinate, or the most sig-
ificant among them, to the particular relations of power.

Legitimacy according to this approach is not an all-or-nothing affair. Within any political system there will be some ambiguity about rules and some who do not accept their validity and who will not give their consent to the power-
holders. The point is that it is possible to make the rules of power more or less legitimate. In short a system can be designed and operated in a way that either decreases or increases its legitimacy. Governance lacks the simplifying legitimizing ‘myths’ of traditional perspectives, such as the British Westminster model. The issue to be considered is whether or how governance can obtain enhanced legitimacy.

2. Governance recognizes the blurring of boundaries and responsibilities for tackling social and economic issues

The governance perspective not only recognizes increased complexity in our systems of govern-
ment, it also draws to our attention a shift in responsibility, a stepping back of the state and a concern to push responsibilities onto the priv-
ate and voluntary sectors and, more broadly, the citizen.

At its most abstract, governance is about a change in the long-standing balance between the state and civil society. A welfare system that stimulates dependence is no longer acceptable to either Right or Left of the political spectrum. A citizenship that emphasizes rights and responsibilities is also part of an emerging con-
sensus. A right to welfare support needs to be complemented by a duty on those who are offered help to take it and respond. A concern with ‘active’ citizenship links governance to wider debates about communitarianism and ‘family’ values. Governance is connected to the concern about social capital and the social underpinnings necessary to effective economic and political performance (Putman, 1993).

The shift in responsibility finds institutional expression in a blurring of boundaries between the public and private, which in turn finds sub-
stance in the rise of a range of voluntary or third-sector agencies variously labelled volun-
tary groups, non-profits, non-governmental organizations, community enterprises, co-ops, mutu-
als and community-based organizations. These organizations range over a wide variety of social and economic issues and operate in the context of what has been termed a ‘social economy’ that has emerged between the market economy and the public sector.

The governance perspective demands that these voluntary sector third-force organizations be recognized for the scale and scope of their contribution to tackling collective concerns without reliance on the formal resources of government. One estimate suggests that in Brit-
tain alone the social economy contributes about £12.3 billion to the Gross National Product, employs about 400,000 full-time equivalent workers and involves about 4 million in some form of voluntary activity. It is claimed that needs are met and problems are managed through such organizations without recourse to an over-arching authority or a formal system of control. Such a claim takes us beyond a simple recognition of the plurality of groups that seek to influence government to a recognition of a range of groups that have taken over some of the traditional tasks of government.

Responsibilities have also been taken up by the private sector as well as not-for-profit organizations. There are here the well-known examples of former public enterprises sold off by governments: airlines, utilities, and so on. There have also been extensive changes in the urban services sector with entire areas becoming dominated by private enterprise and a few company names – Générale des eaux, Rentokil – gaining wide recognition and significance (Lorrain and Stoker, 1997). In other areas such as government information systems there has been a rise in government outsourcing with again certain key private suppliers becoming dominant actors in the market.

The dilemma suggested by the blurring of responsibilities is that it creates an ambiguity...
and uncertainty in the minds of policy-makers and public about who is responsible and can lead to government actors passing off responsibility to privatized providers when things go wrong. Worse still is the enhanced possibility of scapegoating raised by more complex governance systems. Those in a position to interpret and lead public debate can, often with considerable effectiveness, blame others for failures and difficulties. Blame avoidance and scapegoating are not new political phenomena but governance structures do extend the capacity for such activity.

3. Governance identifies the power dependence involved in the relationships between institutions involved in collective action

Power dependence implies that:

(a) Organizations committed to collective action are dependent on other organizations;
(b) In order to achieve goals organizations have to exchange resources and negotiate common purposes;
(c) The outcome of exchange is determined not only by the resources of the participants but also by the rules of the game and the context of the exchange.

In a governance relationship no one organization can easily command, although one organization may dominate a particular process of exchange. National-level government or another institution may seek to impose control, but there is a persistent tension between the wish for authoritative action and dependence on the compliance and action of others (Rhodes, 1996). Governing from the governance perspective is always an interactive process because no single actor, public or private, has the knowledge and resource capacity to tackle problems unilaterally (Kooiman, 1993).

In the case of the United Kingdom over the last two decades it is quite common in the context of relations between central and local government for the charge of centralization to go hand-in-hand with a concern about lack of co-ordination. Attempts to dominate various policy fields by central government have brought a whole host of unintended consequences.

The other side of the coin of power-dependence is that to argue for local autonomy in the context of an emerging system of governance is increasingly meaningless. To tackle the social and economic issues confronting their communities local councils inevitably need to draw on the resources of other actors in the private and voluntary sectors. They are also likely to require partnerships with higher levels of government. Local councils could demand the resources to become a significant player, an attractive partner, but they cannot demand autonomy.

Governance as an interactive process involves various forms of partnership. It is possible to distinguish between: principal–agent relations, inter-organizational negotiation and systemic co-ordination. The principal–agent form rests on one party (the principal) hiring or contracting another (the agent) to undertake a particular task (Broadbent et al., 1996). The inter-organizational form involves organizations in negotiating joint projects in which by blending their capacities they are better able to meet their own organization’s objectives (Jessop, 1996). The systemic co-ordination form of partnership goes a step further by establishing a level of mutual understanding and embeddedness that organizations develop a shared vision and joint-working capacity that leads to the establishment of a self-governing network.

The systemic co-ordinated form of partnership differs from the others in that it involves ‘games about rules’ rather than ‘games under rules’. Systemic co-ordination results in designed, intentionally chosen and adopted governance orders or structures. ‘Games under rules’ are, in contrast, characterized by unintended and unanticipated consequences as the game unfolds.

Recognizing the power dependence in collective action means accepting intentions do not always match outcomes. In principal–agent relations the principal does not have complete control over the agent and has only partial information about the agent’s behaviour. In negotiated relationships seeking the best ‘deal’ for your organization provides the defining characteristic of the process which in turn can lead to ambiguous outcomes which can be interpreted
appropriately by the various partners. Game-playing, subversion, creaming and opportunism in a range of forms are observed in both principal-agent and negotiated relationships.

Opportunistic behaviour may add to the complexity and uncertainty of outcomes. However, as Hirschman (1991) argues, not all unintended effects are necessarily perverse. Unintended is not necessarily undesirable. Governance implies a greater willingness to cope with uncertainty and open-endedness on the part of policy-framers.

4. Governance is about autonomous self-governing networks of actors

Under governance the ultimate partnership activity is the formation of self-governing networks. Such networks are related to the policy communities and other forms of function or issue based groupings much discussed in the policy studies literature (Atkinson and Coleman, 1992; Marsh and Rhodes, 1992). Governance networks, however, involve not just influencing government policy but taking over the business of government.

In urban politics the focus has been on the formation of regimes usually composed of elite actors drawn from public and private sectors (Stoker, 1995). Thus, following Stone (1989, p. 4), a regime can be defined as ‘an informal yet relatively stable group with access to institutional resources that enable it to have a sustained role in making governing decisions’. Participants are likely to have an institutional base, that is, they are likely to have a domain of command power. The regime, however, is formed as an informal basis for co-ordination and without an all encompassing structure of command.

Actors and institutions gain a capacity to act by blending their resources, skills and purposes into a long-term coalition: a regime. If they succeed they pre-empt the leadership role in their community and establish for themselves a near decision-making monopoly over the cutting-edge choices facing their locality. The establishment of a viable regime is the ultimate act of power in the context of an emerging system of governance.

Regime-building is easier in relation to some policy goals than others. Feasibility favours linking with resource-rich actors. It also favours some goals over others whose achievement may be more intractable and problematic. The difficulties and challenges of collective action become more intense as regimes propose more radical and socially inclusive change.

The international relations literature also uses the term ‘regime’ to capture the formation of self-governing networks which enable partners to meet shared concerns. International regimes are systems of norms and roles agreed upon by states to govern their behaviour in specific political contexts or issue areas (Rittberger, 1995). Regimes are formed to provide regulation and order without resort to the over-arching authority of a supranational government. In short, regimes are a response to the challenge of governing without government (see Mayer et al., 1995). The analysis of international regimes has largely concentrated on the coming together of state actors, although the involvement of non-state actors is not entirely neglected (see Haufler, 1995).

A related concern with self-governing networks is found in Ostrom’s work on the management of common-pool resources in poor rural communities (Ostrom, 1990; Keohane and Ostrom, 1995). The focus of this work is on the various institutional arrangements that can be created to enable people to co-operate over resources which are finite to which they have open access. Incentives and sanctions are identified assuming that rational and self-interested actors will respond appropriately. Increasing the availability of information and reducing transaction costs are seen as essential to designing effective systems. Self-organized systems of control among the key participants are seen as more effective than government-imposed regulation.

The dilemma created by the emergence of such self-governing networks is that of accountability. If governance requires the blending together of the resources and purposes of different institutions, an accountability deficit can be experienced at two levels: with the individual constituent elements of the network and by those excluded from any particular network. Members of particular groups may be dissatisfied with the network arrangements agreed by
their leaders and yet find it difficult to express, or more particularly act on, the dissatisfaction because of the powerful nature of the glue provided by the network of which their group is part. Even if all constituents of member groups are satisfied a problem of accountability can still arise since all networks are to a degree exclusive. They are driven by the self-interest of their members rather than a wider concern with the public interest or more particularly those excluded from the network. 

The solution would appear to rest in bringing government back in some form. The networks have a significant degree of autonomy (and indeed need that autonomy to achieve their purposes), yet government, while not occupying a sovereign position, can indirectly and imperfectly steer networks, so the argument goes of those who believe that governance can be managed.

5. Governance recognizes the capacity to get things done which does not rest on the power of government to command or use its authority. It sees government as able to use new tools and techniques to steer and guide

The Anglo-American literature is striving hard to find adjectives to describe the new ‘light-touch’ form of government appropriate to the circumstances of governance. ‘Enabler’, ‘catalytic agent’, ‘commissioner’, have all been offered to capture the new form of governing. A recent ‘mission statement’ for local government in the United Kingdom gives an indication of what might be involved (Hill, 1996). It refers to the need for local government to give leadership, build partnerships, protect and regulate its environment and promote opportunity. In a more general way Kooiman and Van Vliet (1993, p. 66) classify ‘the tasks of government in a governance’ in the following way:

- (de)composition and co-ordination;
- collaboration and steering;
- integration and regulation.

The first task involves defining a situation, identifying key stakeholders and then developing effective linkages between the relevant parties. The second is concerned with influencing and steering relationships in order to achieve desired outcomes. The third is about what others call ‘system management’ (Stewart, 1996). It involves thinking and acting beyond the individual sub-systems, avoiding unwanted side effects and establishing mechanisms for effective co-ordination.

It is far from clear that most of those involved in government have the capacity or indeed even the desire to behave in tune with such a ‘mission statement’ and governing style. Faced with the complexity and autonomy of a system of multi-level governance there is a strong tendency for political leaderships to seek to impose order and issue directives. Government in these circumstances becomes a vast and unresolvable principal–agent problem. Another option would appear to be to concentrate on media image and symbolic politics, leaving the more substantive elements of government to one side.

Government in the context of governance has to learn an appropriate operating code which challenges past hierarchical modes of thinking. There is evidence of some success as well as failure in meeting the challenge.

The paradox of the governance perspective is that even where government develops an appropriate operating code governance failure may still occur. Tensions and difficulties with the institutions of civil society, as well as inadequacies in the organizations that bridge the gaps between public, private and voluntary sectors may lead to governance failure. Failures of leadership, differences in time scale and horizons among key partners, and the depth of social conflict can all provide the seeds for governance failure (see, for example, Orr and Stoker’s analysis (1994) of the difficulties of Detroit). The concept of governance failure is crucial to understanding the new world of governing.

The concept of governance failure suggests the need to think beyond the retooling of government to a broader concern with the institutions and social and economic fabric beyond government. The design challenge with respect to our ‘public’ institutions becomes complex.
Office of the four municipal magistrates of the City of Paris, 1500. Two were elected by the merchants and two by the burghers. They held office at the Town Hall. Bibliothèque de l’Arsenal, Paris

Goodin’s list suggests a concern with designing institutions that have a sustainable life but that are capable of evolution, learning and adaptation. It is also necessary for institutions to be capable of being publicly and openly defended. Finally, institutions need to recognize that both self-regarding and other-regarding elements are likely to play a part in human behaviour within any institution.

Of course identifying a set of appropriate principles is only the starting point. The ultimate challenge is to turn them into proactive ones. Even then some humility is called for in recognizing that institutions can shape policy outcomes but cannot determine them. Governance means living with uncertainty and designing our institutions in a way that recognizes both the potential and the limitations of human knowledge and understanding.

**Conclusions**

This article has argued that a governance perspective provides an organizing framework for students and practitioners of a broadly defined public administration. Its contribution to theory is that it helps provide a map or guide to the changing world of government. It identifies key trends and developments. The governance perspective offered here also brings into focus a number of key dilemmas or concerns about the way in which systems of government are changing.

Like all maps the governance perspective applies a simplifying lens to a complex reality. The issue is not that it has simplified matters but whether that simplification has illuminated our understanding and enabled us to find an appropriate path or direction (Rhodes, 1996; Gamble, 1990). If the governance perspective is to be rejected it has to be on the basis that there is a better map or guide rather than on the basis that it fails to provide a comprehensive or definitive account. The governance perspective deliberately selects various trends and developments for our attention. Its value is to be judged by how good or bad the selection has been.

The governance perspective, again like a map, is date and place specific. One of the difficulties of identifying an organizing perspective that is devoted to understanding a changing system of governance is that no sooner is the perspective outlined than the object of study changes. It is to be hoped, therefore, that the governance perspective can develop in an evolutionary way to capture the processes of adaptation, learning and experiment that are characteristic of governance. It is also to be hoped that although the governance perspective outlined here draws on British and more broadly Western democratic experience, it has been framed and argued in a manner that achieves an appropriate resonance with those from other backgrounds and experiences. Undoubtedly there is a sense in which the map that has been provided reflects the origins and realities of where the person who draws the map is based.

An organizing perspective makes its theoretical contribution at a general level in providing a set of assumptions and research questions. It provides a language in which to identify key features of a complex reality and also to pose significant questions about that reality. Such is the claim of the governance perspective offered in this article. It does not advocate governance. Nor does it explain the multiple and various relationships that exist within governance. How governance works in different countries and how governance dilemmas are addressed are the issues it identifies for study but it does not provide all-embracing explanations and answers to these issues. For the governance perspective the questions it poses are as important as the answers it offers. It is saying: the world of governing is changing in ways which mark a substantial break from the past and that that changing world is worthy of study.
Note

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