Multinetwork Management: Collaboration and the Hollow State in Local Economic Policy

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ABSTRACT

Systematic study and understanding of multiorganizational settings under hollow state conditions has lagged behind the managerial practice of operating in networks, which has become an important element of governance. This article bridges this knowledge gap by exploring the intergovernmental networking component of economic development in 237 cities. The analysis distinguishes three different strategic types of networks, identifies determinants of the variation in the structure and composition of networks across strategic purposes, and demonstrates that the capacities required for operating in networks are different from that of single organizations. The implications for public management practice and theory lie not simply in the extent to which networks have become a primary organizational setting for designing and executing policy, but in the number and type of networks that exist within the policy making realm of a single city.

Public management is now thought of as involving operation of bureaucracies plus connections with other institutions through the processes of governance. According to Frederickson (1997, 84), governance involves "the wide range of types of organizations and institutions that are linked together and engaged in public activities." In many policy arenas, such as in the broadly defined area of economic development, mutually reinforcing trends like fiscal decentralization and localization of policy responsibility mean that cities increasingly manage their affairs through mechanisms of collaboration, which puts government in a position resembling the "hollow state" (Milward et al. 1993). The hollow state concept refers to units of government that are separated from their outputs, where negotiated contracts or other...
agreements link organizations. In the case of local economic development, persons who represent government agencies spend a great deal of time arranging and operating in networks; this contrasts with the conventional view of hierarchically organizing economic policy objectives (e.g., business recruitment) through a single government agency (Fosler 1992) or acceding entirely to market forces for changes in the economy.

In this article we address management in network settings by demonstrating empirically the governance context of local economic policy making and by considering the implications of this context for public management. While scholars of public management increasingly identify networks or other forms of interorganizational activity as important elements of governance, few have treated them seriously as objects of careful study, and the implications for management practice have not been systematically developed (O'Toole 1997). Toward that end, we explore networking through a comprehensive data set of the intergovernmental networking component of economic development in 237 cities. After an initial discussion of the importance of network theory and practice for local economic policy, we examine the structure of horizontal or interlocal networking and the varied contexts in which local networks occur. We also attempt to explain the variation in network activity across cities. We then draw on the study findings to provide descriptive and theoretical conclusions regarding networking and governance within the hollowing state. From an empirical standpoint, the research focuses on the dimensionality or variation of networking by strategic purpose as well as the depth or extent of network partners. Theoretically, we emphasize the link between the multidimensionality of networking in our findings and its implications for the capacity to manage within governance. Praxis involving the forces that engender networking, along with knowledge and practical information, thus is what this analysis attempts.

The unique empirical contribution of local economic development policy to the study and practice of contemporary public management lies not simply in the extent to which networks are the primary organizational setting for designing and executing policy, but, more importantly, in the number and type of networks that exist within the policy-making realm of a single city. Like the many public problems that defy taming into simple, manageable steps, local development managers attend to multiple strategic tasks within the context of designing and executing economic policy. As a result, even the fundamental, routine tasks of the development manager—such as building organizations, designing strategies, marketing the area, seeking out finances, or organizing numerous development projects (Blakely 1994; Levy
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1990)—cannot be carried out alone or with the same set of actors. Like the hub of a multispoked wheel, the development manager is connected to all of the spokes—each representing a different strategic task; each consisting of networks of different composition, scope, and size; and each with its own set of management challenges and responsibilities. Managers in networks are continually faced with problems that can lead to instability (Milward 1996), and these concerns are compounded by the number of networks that constitute local economic policy making. Insofar as the performance of a particular policy sector is dependent on the effectiveness of organizational and network design, development of the capacity to organize and manage these processes is critical to both public policy and management. In this regard, public management in such complex settings likely effectuates policy to a greater degree and is more "consequential" (O'Toole 1996, 241) than public management in traditional bureaucratic contexts.

LOCAL ECONOMIC POLICY AND THE EMERGENCE OF NETWORKING

Since the early 1980s when local governments returned in earnest to economic policy making, the number of actors that have a stake in developing local economies and thus must be mobilized in order to effectively facilitate and influence economic activity has increased substantially. Consequently, local economic development is fraught with organizational maladies. Like most multiorganizational settings, multiplicity of goals is ubiquitous. Goals are so complex and so often contradictory that one analyst suggests such activity cannot be viewed as policy making because it is nearly impossible to appraise it with reference to specific goals and objectives. Instead, local economic development should be viewed solely as a political arena (Keating 1995). This arena incorporates a host of local public and private actors and organizations—as well as higher level governments—that set the development context and are potential loci of assistance. Additionally, actors involved in local economic development decision making operate in an environment that is "complex and undefined and involves an uncertain technology . . ." (Rubin 1988, 237). This uncertainty is exacerbated by a degree of information asymmetry analogous to a poker game where all of the players know what the manager is holding but the manager is not even sure of the game.

Faced with the need to acquire financial resources to enhance local revenues as well as information and expertise to compensate for the complexity and uncertainty of the policy area, the development manager has become dependent on many other
actors inside and outside the community. The governance instruments through which cities now plan, design, and execute economic development policy are complex, multiorganizational arrangements referred to as networks. Networks constitute the basic social form that permits interorganizational interactions of exchange, concerted action, and joint production (Alter and Hage 1993). O'Toole (1997, 45) defines networks as "structures of interdependence involving multiple organizations or parts thereof, where one unit is not merely the formal subordinate of the others in some larger hierarchical arrangement." Network connections among units can be either formal or informal. Multiorganizational arrangements like those that characterize local economic policy making are intersectoral and built upon the idea of collaborative problem solving (Radin et al. 1996, 151). Such networks are not merely mechanisms for coordination; they are arrangements for solving interorganizational problems that cannot be achieved by single organizations. Key actors in economic policy settings operate in networks that are mechanisms of joint production and joint service delivery, within contexts where strategic interdependence is complementary (Pennings 1981, 434). Networking then is the act of creating and/or maintaining a cluster of organizations for the purpose of exchanging, acting, or producing among the member organizations (Alter and Hage 1993, 46).

STUDY AND SETTING

The basic unit of analysis for this research involves the multiorganizational structures through which local economic development policy is designed and executed. In an effort to adequately explore these networks and their application to local economic policy, the research presented here utilizes a multilevel analytical framework. We examine the environment of city policy making expressed in terms of horizontal interaction; the context of intergovernmental networks, namely the strategic purposes for which networks operate; the macro or broader characteristics of specific linkages within intergovernmental networks; and the determinants of the size and composition of specific intergovernmental networks. The data are from a larger study of city economic development policy and intergovernmental relations in 237 cities located in Illinois, Indiana, Michigan, Ohio, and Wisconsin. The chief administrative officer in each of the sample cities responded to two different mail surveys from which data were collected: a national economic development survey designed and administered by the International City/County Management Association (ICMA) in May 1994; a survey that addressed intergovernmental and economic issues, designed and administered by the authors in November 1994. In addition, six field-based case studies that probe into the practice of intergovernmental
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... networking add clarity to the complex issue of networking. After tabulating the mail survey, site visits were made to six responding cities that reported highly active and innovative networking activity: Beloit, Wisconsin; Cincinnati, Ohio; Garfield Heights, Ohio; Ithaca, Michigan; Salem, Indiana; and Woodstock, Illinois.

In order to identify the actors and contacts at the local level, we consulted the literature and our experience in the field. Although previous studies of intersectoral contact in economic policy employed an inductive approach and determined the key actors through direct contact with the respondents (Hull with Hjern 1987), the subsequent interviews in the case study cities confirmed the appropriateness of our preselected list of network actors and strategic activities. Because so many of the critical actors in economic policy are governments, or perform governmental functions, or are in effect quasigovernmental, we use the term intergovernmental to describe the local development networks. In the United States, the term intergovernmental has taken on the broader meaning of governments working with nongovernmental and private organizations (Wright and Krane forthcoming). The intergovernmental networks studied here operate with representatives of different public and nonpublic agencies and can be viewed as distinct structural arrangements for jointly performing a specific task or producing a particular good or service. The multinetwork context of local economic policy making thus consists of multiple intergovernmental networks with varying composition and size, depending on the strategic purpose of a particular policy-making task.

The contacts and interactions of sample cities at the local level provide the foundation for the findings reported here. Since our data are collected from survey responses and interviews with local development officials, we have mapped out networks as they exist according to those actually involved, rather than through objective observation. Survey respondents were asked to select which of ten actors located in or around the locality (governments, organizations, and agencies from all sectors) they engaged for economic development purposes, how frequently the actors were engaged, and for which specific strategic purpose they were contacted. We refer to these local activities as horizontal because their major focus is in a lateral direction from the city (other survey elements examine vertical connections with federal and state governments). The activities of cities within horizontal networks can be classified broadly into three types according to the strategic purposes of the network: policy/strategy making, which are networks used for formulating and/or implementing economic policy; resource exchange, which are...
networks used for seeking, acquiring, or sharing resources; and project-based, which are more temporary networks involved with specific development projects and the exchange of technical expertise.

Two of the high performing case study cities illustrate the variety of actors in policy and strategy making. The Beloit Economic Development Corporation (BEDCOR), a formal multisectoral partnership, serves the city of Beloit, Wisconsin; South Beloit, Illinois; and the Town of Beloit. It is jointly funded by the area Chamber of Commerce, the government jurisdictions, and private industries. BEDCOR operates as the economic policy arm of the city, its board is the focal point for formulating joint city-private sector policies and strategies, and its industrial recruiter serves primarily as the lead agent and contact with potential business prospects. Similarly, the Greater Gratoit Development, Inc. (GGDI), a private, nonprofit multicommunity economic development network, works with Ithaca, Michigan—the smallest of our case study cities with about three thousand persons—and all the Gratoit County cities, one village, and the county government. GGDI is supported by these governmental entities; a Chamber of Commerce; and several private businesses, which have established a mutual approach to strategy and policy making in the areas of business retention, business expansion, counseling and case support for new business starts, and recruitment of businesses. GGDI regularly performs significant studies for partner members on areas such as workforce development, infrastructure needs, small business support services, and economies of scale for county small industry; as a result of its efforts it has received national recognition as an example of multicommunity collaboration in rural areas.

A common example of the second type of network—resource exchange—is the use of county and private-sector funds to support planning and action and for support of development agencies. Salem, Indiana, a nonmetropolitan city with a population of less than six thousand, often receives from the Washington County government funds that are collected via a specially designated income tax. Garfield Heights, Ohio, is a frequent user of Cuyahoga County Department of Development funds, which include Community Development Block Grants (CDBGs) for several business revitalization and loan programs, an exterior maintenance and a municipal infrastructure grant program, housing programs, homeless services, and other special projects. Woodstock, Illinois, has used joint financial incentives in the form of tax increment financing districts to redevelop areas adjacent to its downtown and to generate a grant and loan program. In a model example of joint financing, Cincinnati has

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engaged in a creative joint financial incentive, involving a three-way property exchange among the city, school district, and Hamilton County. This enables the school district to work out a storm water utility debt to the city of $1.7 million. As a result, a regional shopping complex anchored by a large supermarket will be developed in the Downtown/Over the Rhine historic district. Contracting, another important form of resource exchange, is exemplified by a $100,000 a year contract between Cincinnati and a public-private entity, Downtown Cincinnati, Inc., to provide planning, development, and environmental enhancement. Garfield Heights conducts some of its planning through contract with the Cuyahoga County Planning Commission, most recently to update its master plan, to rezone the city, and to review sites and rezoning questions. Woodstock has contracted with McHenry County for planning and zoning assistance, for data gathering, for geographic information systems, and for health inspection permits for septic tanks and wells.

A project-based network is illustrated by Beloit 2000, the city’s core riverfront revitalization effort. In partnership with the state and city governments, the nonprofit Beloit 2000 Corporation raises private funds; acquires properties necessary for the implementation of the River Front Project; negotiates with private land owners; manages the private sector components of the plan; provides bridge loans to service clubs; maintains the partnership; and secures the services of planners, architects, grant writers, and other consultants. The city of Beloit allocates staff time to a technical steering committee for the operation of the project. Another project-based activity, seeking and acquiring technical assistance, is common throughout our high-performing case study cities. Salem receives technical assistance from its regional planning agency and from its multic peace development consortium. Ithaca relies on the three professionals housed in GGDI. Even a larger city like Cincinnati, which employs over sixty development staff, regularly engages in technical assistance exchanges with Hamilton County, the Chamber of Commerce, and Downtown Cincinnati, Inc.

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Network Structure

One way to assess the relative importance of a city’s development effort in relation to external actors located in or around the city is to compare the aggregate membership of these actors in networks. The administrative arrangements in a given network vary from city to city, and these will be examined shortly. A general picture of the actors that are involved in development
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networks can be gleaned from exhibit 1. As illustrated, three actors interact within networks in at least one-half of the cities: the county government, the Chamber of Commerce, and the local development corporation (LDC). The local utility is contacted by more than 40 percent (providers may be part of city government, a special unit of government, or a private monopoly corporation) and special districts are contacted by almost 30 percent of the cities. Although they are network partners in some cities, less than one-quarter of the cities contact the remaining five external actors: foundations, townships, special districts, neighborhood associations, and private industry councils. Whereas nearly 60 percent of all cities networked with three actors, just 42.2 percent networked with four actors. The biggest drop in cumulative percentage per decrease in the number of actors is between three and four actors, suggesting that most cities regularly work with from one to three partners for their economic development purposes.

Exhibit 1
Summary of Contacting with Actors in Intergovernmental Network

<table>
<thead>
<tr>
<th>Network Actors</th>
<th>Percent That Contacted</th>
<th>Mean Contacts</th>
<th>Mean Contacts (cities that contacted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>County</td>
<td>58.6</td>
<td>1.9</td>
<td>3.3</td>
</tr>
<tr>
<td>Chamber of Commerce</td>
<td>57.0</td>
<td>1.8</td>
<td>3.1</td>
</tr>
<tr>
<td>Development corporation</td>
<td>49.8</td>
<td>2.2</td>
<td>4.5</td>
</tr>
<tr>
<td>Local utility</td>
<td>40.5</td>
<td>1.1</td>
<td>2.7</td>
</tr>
<tr>
<td>Other city</td>
<td>29.5</td>
<td>0.6</td>
<td>2.2</td>
</tr>
<tr>
<td>Special district</td>
<td>23.2</td>
<td>0.8</td>
<td>3.5</td>
</tr>
<tr>
<td>Neighborhood association</td>
<td>20.3</td>
<td>0.5</td>
<td>2.2</td>
</tr>
<tr>
<td>Township</td>
<td>19.0</td>
<td>0.5</td>
<td>2.4</td>
</tr>
<tr>
<td>Private industry council</td>
<td>15.2</td>
<td>0.4</td>
<td>2.7</td>
</tr>
<tr>
<td>Foundation</td>
<td>8.9</td>
<td>0.3</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Number of Actors

<table>
<thead>
<tr>
<th>Number of Actors</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>90.3</td>
</tr>
<tr>
<td>Two</td>
<td>77.2</td>
</tr>
<tr>
<td>Three</td>
<td>59.9</td>
</tr>
<tr>
<td>Four</td>
<td>42.2</td>
</tr>
<tr>
<td>Five</td>
<td>26.6</td>
</tr>
<tr>
<td>Six</td>
<td>15.6</td>
</tr>
<tr>
<td>Seven</td>
<td>6.8</td>
</tr>
<tr>
<td>Eight</td>
<td>3.0</td>
</tr>
<tr>
<td>Nine</td>
<td>0.4</td>
</tr>
</tbody>
</table>

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The size of the intergovernmental networks examined in this study extends to nine of the organizations, but the average size of the networks including the city government is less than four and the majority consist of two organizations in addition to the city. However, the relative diversity of external actors is an important dimension of network management. While some organizations may be fairly common players in terms of their involvement in a city's development effort, the extent of the roles played by these actors varies. The local development corporation was contacted by the third highest percentage of cities, but the mean number of purposes for which it was contacted, 4.5, is much higher than for any other actor. Similarly, the local foundation was involved in less than 9 percent of the cities' development, but the mean number of purposes for which it was contacted, 3.1, is exceeded by just three other external actors. Not every city possesses a local development corporation, a special district, or a foundation, but for those that do, these organizations achieve a more central role in the economic policy network.

Since the structural foundation for these networks appears to be city contact with two organizations, we examine the triads involving the city and other agencies and organizations within the larger network in order to discover the primary relationships within the networks and to map out the total network field. We performed a simple count of these clusters for all organizations reported by the survey respondents to be involved in specific policy and management activities. The frequency count of clusters displayed in exhibit 2 illustrates the patterns of interaction between organizations and indicates the relative importance of the individual organizations involved with cities in networks.

The most frequent clusters within the intergovernmental networks involve the local development corporation (LDC), the county government, and the Chamber of Commerce. The LDC-Chamber linkage occurs 187 times, the county-LDC linkage occurs 164 times, and the county-Chamber linkage occurs 155 times. With a total of 2,284 clusters reported by the survey respondents, these three distinct linkages occur within networks more than 22 percent of the time. When the 372 linkages between the local utility and these three organizations are considered, these six clusters occur in more than 38 percent of the intergovernmental networks that design and execute local economic policy. Further illustrating the centrality of the LDC, the county government, and the Chamber of Commerce, all of the remaining seven organizational entities have more linkages with these three actors than with any other actor. While the development manager must work with multiple networks often composed of different actors, there are some combinations of
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Exhibit 2
Frequency of Clusters between Organizations

<table>
<thead>
<tr>
<th>Actor</th>
<th>County</th>
<th>Chamber</th>
<th>LDC</th>
<th>Utilities</th>
<th>Other</th>
<th>Special</th>
<th>Nbrhood</th>
<th>Twnshp</th>
<th>PIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chamber</td>
<td>155</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LDC</td>
<td>164</td>
<td>187</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>120</td>
<td>116</td>
<td>136</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>81</td>
<td>78</td>
<td>71</td>
<td>41</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special</td>
<td>78</td>
<td>70</td>
<td>75</td>
<td>36</td>
<td>37</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nbrhood</td>
<td>40</td>
<td>59</td>
<td>40</td>
<td>33</td>
<td>26</td>
<td>28</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Twnshp</td>
<td>62</td>
<td>42</td>
<td>41</td>
<td>13</td>
<td>29</td>
<td>30</td>
<td>13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PIC</td>
<td>38</td>
<td>35</td>
<td>52</td>
<td>41</td>
<td>18</td>
<td>8</td>
<td>16</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Fndatn</td>
<td>35</td>
<td>25</td>
<td>35</td>
<td>23</td>
<td>12</td>
<td>4</td>
<td>9</td>
<td>11</td>
<td>15</td>
</tr>
</tbody>
</table>

Key
County = county government
Chamber = Chamber of Commerce
LDC = local development corporation
Utilities = local utility
Other = other city government
Special = special district government
Nbrhood = neighborhood association
Twnshp = township government
Fndatn = local foundation
PIC = private industry council

actors with which the manager will rarely have to work. For example, with the exception of a small number of cities, linkages that involve private industry councils or local foundations with either special districts or township governments are very low. It is typically only when the networks become very dense that actors such as the local foundation or township government are network members.

The Strategic Context of Networking

The empirical evidence is strong that strategy and structure linkages are important in multiorganizational settings. Chisholm (1987) demonstrates that increased levels of interdependence in an organizational system—brought on either by particular contextual conditions or by factors in the environment—require more interorganizational coordination and collaboration. Elmore (1987) and Linder and Peters (1989) posit that certain types of problems predictably bring into play certain policy responses that have distinct operating characteristics. Scott and Meyer (1991) hypothesize that organizational structure depends largely on the policy response and, more specifically, the characteristics or context in which the structure operates. If such a linkage between strategic activity and organizational structure exists within local economic development policy, we should find networks of varying composition, size, and scope according to different strategic and managerial activities.

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We explore the relationship between strategic activity and network structure in a rudimentary but nevertheless revealing manner. First, we computed the total number of linkages in the clusters in which each network actor was involved. Second, we computed subtotals of the number of such linkages for the networks that perform each of the nine policy and management activities included in the overall survey; the activities were divided into three broad categories in terms of their primary strategic purposes: policy and strategy making, resource exchanges, and those that were project-based. Third, we converted the total number of linkages for each network actor into a percentage measuring the aggregate relative involvement of each network actor within the specific policy activity. The higher the percentage, the greater the number of clusters involving the network actor in that activity. The subtotals and the relative frequencies are displayed in exhibit 3. The number of clusters per network actor was aggregated for these three categories, and percentages of involvement within each type of strategic purpose were calculated. Exhibit 4 thus displays the total and relative involvement of each network actor for the three different strategic purposes as a means to estimate and compare composition and centrality across the purposes.

Variation in the composition of the overall network used for each horizontal activity clearly demonstrates the contextual effect of each activity on network structure. The primary actor in resource exchange activities for local economic policy is county government. As indicated by the percentages in exhibit 3, county government is most central to the network for the three activities that are based in exchanging resources: seeking finances, creating joint financial incentives, and contracting. County government's role as a policy and strategy maker is strong but not nearly as central relative to its involvement in resource exchange activities. Conversely, more actors seek policy assistance and engage in joint policy-making efforts with the Chamber of Commerce than with any other organization. Chambers have always been involved in formulating development strategy in some form in most communities. In the five case study cities, where a Chamber exists it plays a traditional role as a partner with city government in key aspects of strategy and policy; in one, Cincinnati, it is the lead partner in strategy development. However, a relatively small percentage of clusters include the Chamber of Commerce in any activity involving resource exchange.

The structural differences across activities and strategic purposes are quite obvious from exhibit 4. As noted, county government is involved in more clusters for the purpose of resource exchange than for the other activities, and the Chamber
### Exhibit 3

**Frequency (Percentage) of Clusters Involving Various Actors for Each Strategic Purpose**

<table>
<thead>
<tr>
<th>Actor</th>
<th>Policy/Strategy Making</th>
<th>Resource Exchange</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A  B  C  D</td>
<td>E  F  G</td>
<td>H  I</td>
</tr>
<tr>
<td>County</td>
<td>169 86 124 88</td>
<td>60 43 21</td>
<td>121 61</td>
</tr>
<tr>
<td></td>
<td>(16.1)  (14.6) (16.2)  (16.6)</td>
<td>(26.1)  (20.9)  (19.8)</td>
<td>(17.5)  (15.4)  (16.9)</td>
</tr>
<tr>
<td>Chamber</td>
<td>195 119 130 94</td>
<td>25 11 12</td>
<td>116 65</td>
</tr>
<tr>
<td></td>
<td>(18.5)  (20.2) (17.0)  (17.7)</td>
<td>(10.9)  (5.3)  (11.3)</td>
<td>(16.8)  (16.4)  (16.8)</td>
</tr>
<tr>
<td>LDC</td>
<td>158 125 119 96</td>
<td>43 49 22</td>
<td>116 73</td>
</tr>
<tr>
<td></td>
<td>(15.0)  (21.2) (15.5)  (18.1)</td>
<td>(18.7)  (23.8)  (20.8)</td>
<td>(16.8)  (18.4)  (17.5)</td>
</tr>
<tr>
<td>Utilities</td>
<td>117 76 72 54</td>
<td>34 26 9</td>
<td>91 80</td>
</tr>
<tr>
<td></td>
<td>(11.1)  (12.9)  (9.4)  (10.2)</td>
<td>(14.8)  (12.6)  (8.5)</td>
<td>(13.2)  (20.2)  (12.2)</td>
</tr>
<tr>
<td>Other</td>
<td>110 31 84 46</td>
<td>15 5 3</td>
<td>64 35</td>
</tr>
<tr>
<td></td>
<td>(10.5)  (5.3) (11.0)  (8.7)</td>
<td>(6.5)  (2.4)  (2.8)</td>
<td>(9.2)  (8.8)  (8.6)</td>
</tr>
<tr>
<td>Special</td>
<td>75 47 67 46</td>
<td>20 25 13</td>
<td>41 32</td>
</tr>
<tr>
<td></td>
<td>(7.1)  (8.0) (8.7)  (8.7)</td>
<td>(8.7)  (12.1)  (12.3)</td>
<td>(5.2)  (8.1)  (8.0)</td>
</tr>
<tr>
<td>Nbrhood</td>
<td>83 34 63 23</td>
<td>4 5 8</td>
<td>34 10</td>
</tr>
<tr>
<td></td>
<td>(7.9)  (5.8) (8.2)  (4.3)</td>
<td>(1.7)  (2.4)  (7.5)</td>
<td>(4.9)  (2.5)  (5.8)</td>
</tr>
<tr>
<td>Twnshp</td>
<td>66 24 58 35</td>
<td>6 14 1</td>
<td>36 7</td>
</tr>
<tr>
<td></td>
<td>(6.3)  (4.1) (7.8)  (6.6)</td>
<td>(2.6)  (6.8)  (0.9)</td>
<td>(5.2)  (1.8)  (5.4)</td>
</tr>
<tr>
<td>PIC</td>
<td>46 33 23 25</td>
<td>7 16 7</td>
<td>49 23</td>
</tr>
<tr>
<td></td>
<td>(4.4)  (5.6) (3.0)  (4.7)</td>
<td>(3.0)  (7.8)  (6.6)</td>
<td>(7.1)  (5.8)  (5.0)</td>
</tr>
<tr>
<td>Fndtn</td>
<td>33 15 26 23</td>
<td>16 12 10</td>
<td>24 10</td>
</tr>
<tr>
<td></td>
<td>(3.1)  (2.5) (3.4)  (4.3)</td>
<td>(7.0)  (5.8)  (9.4)</td>
<td>(3.5)  (2.5)  (3.7)</td>
</tr>
<tr>
<td>Total</td>
<td>1052 590 766 530</td>
<td>230 206 106</td>
<td>692 396</td>
</tr>
<tr>
<td></td>
<td>(23.0)  (12.9) (16.8)  (11.6)</td>
<td>(5.0)  (4.5)  (2.3)</td>
<td>(15.1)  (8.7)</td>
</tr>
</tbody>
</table>

**Policy/Strategy Making**
- **A** = Assisted in formulating and implementing policy
- **B** = Formal partner in city's economic development
- **C** = Engaged in joint policy/strategy making
- **D** = Engaged in consolidated development efforts

**Resource Exchange**
- **E** = Sought out financial resources
- **F** = Created joint financial incentives
- **G** = Contracted for planning and implementation

**Project**
- **H** = Partner for a particular project
- **I** = Sought technical assistance

**Key**
- **County** = county government
- **Chamber** = Chamber of Commerce
- **LDC** = local development corporation
- **Utilities** = local utility
- **Other** = other city government
- **Special** = special district government
- **Nbrhood** = neighborhood association
- **Twnshp** = township government
- **PIC** = private industry council
- **Fndtn** = local foundation

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Exhibit 4
Percentage of Clusters Involving Various Actors by Strategic Purpose

<table>
<thead>
<tr>
<th>Actor</th>
<th>Policy/Strategy Making</th>
<th>Resource Exchange</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>County</td>
<td>467</td>
<td>15.9</td>
<td>124</td>
</tr>
<tr>
<td>Chamber</td>
<td>538</td>
<td>18.3</td>
<td>48</td>
</tr>
<tr>
<td>LDC</td>
<td>498</td>
<td>17.0</td>
<td>114</td>
</tr>
<tr>
<td>Utilities</td>
<td>319</td>
<td>10.9</td>
<td>69</td>
</tr>
<tr>
<td>Other</td>
<td>271</td>
<td>9.2</td>
<td>23</td>
</tr>
<tr>
<td>Special</td>
<td>235</td>
<td>8.0</td>
<td>58</td>
</tr>
<tr>
<td>Nbrhood</td>
<td>203</td>
<td>6.9</td>
<td>17</td>
</tr>
<tr>
<td>Twnshp</td>
<td>183</td>
<td>6.2</td>
<td>21</td>
</tr>
<tr>
<td>Fndtn</td>
<td>97</td>
<td>3.3</td>
<td>38</td>
</tr>
<tr>
<td>PIC</td>
<td>127</td>
<td>4.3</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>2938</td>
<td>64.3</td>
<td>542</td>
</tr>
</tbody>
</table>

Key
- County = county government
- Chamber = Chamber of Commerce
- LDC = local development corporation
- Utilities = local utility
- Other = other city government
- Nbrhood = neighborhood association
- Fndtn = local foundation
- PIC = private industry council
- Special = special district government
- Twnshp = township government

of Commerce is much less active in resource exchange. Other network actors exhibit similar patterns of networking. Township government and neighborhood associations are relatively more active in policy and strategy making than in other activities. The LDC that involves Beloit, Wisconsin, also includes the area-based Chamber, an adjoining city, and an outlying township. The county government is not a formal member but works strategically with the Beloit Economic Development Corporation. Local development corporations, special district governments, and local foundations are relatively more active in resource exchange activities. Other cities are much less active in resource exchange activities with the responding city governments. Involvement of local utilities and private industry councils varies across all three strategic purposes with the highest level of involvement occurring in project-based network activities.

Overall, the data in exhibits 3 and 4 provide ample evidence of the multinetwork context within which local development managers must operate. An intergovernmental network charged with producing policies and strategies with the city government will most likely consist of the Chamber of Commerce, a local development corporation, the county government, and either the local utility or another city. The most central roles will be played by
the Chamber or the LDC working along with the city government and only a minimal role will be played by a local foundation or a private industry council, if either exists in the community. While other cities are active overall in policy-making networks, they mainly assist in policy making and are not as common in networks consisting of formal partnerships and consolidated development efforts.

Project-based intergovernmental networks are similar but not identical to the policy-making network. Along with the city government, the LDC is most likely to play the central role in the network, and the local utility is much more likely to be involved in these activities than in policy making or resource exchange activities. The role of local utility provision—water, sewer, gas, electricity, telecommunications—in development projects is obvious, and, as mentioned, utilities often are not supplied by city government. Linkages to provide this type of essential infrastructure lead to networking to expand, retain, or attract new businesses. Utilities also sometimes offer small grants to communities to assist with business start-up costs, but provision of technical assistance and assistance with specific projects such as major business relocation appear to be the main roles they play in the horizontal system. Critical resources of infrastructure and information possessed by the utility company makes it an important component of local development networks performing project-based activities.

Resource exchange networks are unique. Special district governments and local utilities are more likely to be involved with cities in the intergovernmental network, compared to Chambers of Commerce, and counties and LDCs are the most central partners in this type of network. While approximately 11 percent of the linkages in networks seeking out financial resources or contractual arrangements involve Chambers of Commerce, just 5 percent that develop joint financial incentives include Chambers. Development managers are more likely to encounter local foundations and private industry councils for the strategic purpose of exchanging, gathering, or performing services for resources than for policy making or project-based arrangements. Other cities are rarely involved in resource exchange networks and are almost nonexistent when such networks are developing joint financial incentives or contracting out some aspect of economic policy.

Determinants of Networking Activity

Why do city-level economic development managers reach out to surrounding organizations and become engaged in multiple networks? Why is such specialized administrative complexity the
norm in local economic policy? As we noted previously, economic development policy is designed and implemented under conditions of ambiguity and uncertainty, thus requiring network forms of organization rather than the traditionally rational means of control that characterize bureaucracies (Lynn 1996). That is, it is the nature of the economic policy beast that demands multi-organizational managerial processes. However, some cities operate in a comparatively large field of networks comprising a comparatively large number of network actors; this suggests that factors other than the external environment of the policy context may determine the extent of networking activity.

Survey respondents indicated how many different network actors (a maximum of ten) were involved in each of the nine policy and management activities. From these data, we were able to compute a measure of network activity. For example, if city A reported that eight actors were involved in a formal partnership and city B reported that two actors were involved in the same activity, city A is said to be more active in that specific context. Using data from both surveys, we created several variables that corresponded to four related aspects of the internal environment of the city. These are hypothesized to contribute to the capacity to operate in network settings: leadership, policy, managerial, and locational. Using these internal environmental variables, we conducted multiple analyses of variance (ANOVA) to determine what factors contributed to higher levels of activity. For manage-ability, the values of the variables measuring the number of actors within each specific activity were ultimately collapsed into four categories: no activity; activity with one actor; activity with two or three actors; and activity with greater than three actors. The latter category represents the highest performing cities. Exhibit 5 summarizes the findings of the ANOVAs for those with the highest level of activity.

The results are consistent with previous findings that indicate contextual differences across the three categories of strategic purpose. The first column, labeled leadership, shows that cities with a multisector local development corporation as the lead agency engaged in intergovernmental networks for economic policy-making activities were significantly larger than cities that utilized either a local government office or a private organization as the lead agency. For all four of the policy/strategy-making activities, a significantly greater percentage of cities that reported large numbers of network actors had LDC lead actors than did cities with lower or no levels of activity. The LDC-based city thus appears to be more adept at operating across jurisdictions and across sectors for the purposes of policy making. Conversely, cities with LDC lead agencies report no greater levels of
### Exhibit 5
Determinants of Horizontal Activity

<table>
<thead>
<tr>
<th>Activity</th>
<th>Leadership</th>
<th>Policy</th>
<th>Managerial</th>
<th>Locational</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>POLICY/STRATEGY MAKING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy making assistance</td>
<td>LDC</td>
<td>Demand, subsidy</td>
<td>Planning</td>
<td></td>
</tr>
<tr>
<td>Formal partnership</td>
<td>LDC, Director</td>
<td>Subsidy</td>
<td>Database</td>
<td>Central, size</td>
</tr>
<tr>
<td>Joint policy making</td>
<td>LDC</td>
<td>Demand</td>
<td>Database</td>
<td>Rural city</td>
</tr>
<tr>
<td>Consolidated effort</td>
<td>LDC</td>
<td>Demand</td>
<td>Database</td>
<td></td>
</tr>
<tr>
<td><strong>RESOURCE EXCHANGE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seek financial resources</td>
<td>Private</td>
<td>Demand, subsidy</td>
<td>Evaluation, database</td>
<td>Rural city</td>
</tr>
<tr>
<td>Joint financial incentives</td>
<td>Director</td>
<td>Demand, subsidy</td>
<td>Evaluation, database, time</td>
<td>Rural, central</td>
</tr>
<tr>
<td>Contracted assistance</td>
<td>Director</td>
<td>Demand, subsidy</td>
<td>Database, time</td>
<td>Central, size</td>
</tr>
<tr>
<td><strong>PROJECT BASED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project partnership</td>
<td>Director</td>
<td>Direct prov.</td>
<td>Evaluation</td>
<td></td>
</tr>
<tr>
<td>Seek technical assistance</td>
<td></td>
<td>Marketing</td>
<td>Database</td>
<td></td>
</tr>
</tbody>
</table>

**Key**

Leadership: cities that employ this organization or office operate in significantly larger networks (significantly smaller if Chamber of Commerce is employed).

Policy: the heavier the reliance on this type of policy instrument, the larger the networks.

Managerial: cities that undertake this activity operate in significantly larger networks.

Locational: large, central, or rural cities operate in significantly larger networks.

Resource exchange network activity than do cities with other lead agencies. With respect to developing joint financial incentives, a private association appears to be a hindrance to expanded intergovernmental networks. A separate full-time economic development director appears to be a strong determinant of networking for activities that require more formal collaborative arrangements such as partnerships and contractual relationships.

It appears that what Benson (1982) refers to as a policy paradigm in interorganizational settings, which is a commitment to a particular set of policy options, is a significant determinant of intergovernmental network activity. Cities that utilize a higher percentage of development instruments that are considered to be demand side or entrepreneurial appear to work with a larger number of network actors in policy/strategy-making and resource exchange activities. Since entrepreneurial instruments are stimulative of new enterprise, focus on market structure, take risks,
and are based in strong linkages with all stakeholders (Clarke and Gaile 1989), it makes sense that cities that rely on such policies would seek financial resources and policy-making assistance from a broad group of actors. Dependence on subsidies such as tax abatements and loan packages also seems to drive networking activity with respect to resources. Cities that depend on directly provided development instruments such as infrastructure improvements deal with more actors on projects, and cities that depend on marketing-based instruments contact more actors for technical assistance.

The managerial variables measure the extent to which cities plan their intergovernmental networking activity (vertical and horizontal), use databases to find financial or technical assistance, evaluate the impact of intergovernmental networking, and devote time to intergovernmental activities. In essence, these variables can be viewed as indicators of managerial capacity. Cities with the highest reported usage of databases also network with a greater number of network actors (see exhibit 5). Evaluation figures strongly in financial and project-based activities, whereas time in intergovernmental activities is a significant determinant of the number of network actors involved in joint incentives and contracting. Such activity requires much deal making and "massaging" of the network, tasks that require both time and skill.

Finally, we found that locational factors also may be at least a partial determinant of networking activity. Perhaps because of their size and distance from large cities in metropolitan areas, rural cities utilize more network actors for the purposes of joint policy making, seeking financial resources, and developing joint financial incentives. Large central cities are likely to be involved heavily in formal partnerships and contracting arrangements, presumably in the form of interlocal service agreements or joint planning arrangements. In most cases, suburbs networked with significantly fewer actors in all activities than central or rural cities did. Thus, activity level appears to be linked with a series of structural attributes relating to organization, strategy, management, and place.

LESSONS FROM LOCAL ECONOMIC POLICY

As our results demonstrate, networking activity is an important dimension of economic development. Local governments promote their economies through networks because of the increasing organizational interdependence they face. As a result of the hollowing out of the state through large-scale contracting out, joint operations with other governments and NGOs, and
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program implementation through a chain of governments, network management is among the key governance challenges that are changing the public domain. As Kettl (1996, 9) suggests, "This interdependence radically changed the jobs of public administrators, who must now not only manage the functions of their own agencies but must also build critical linkages with others."

The results of our analysis indicate the richness of networking in order to promote business. From the perspective of the city government, there is not one network to manage within but several networks. Many actors are potential partners, but county governments, local development corporations, and Chambers of Commerce (and to a lesser extent utilities) stand out as key actors. In some cases and in some cities the other agencies are involved, demonstrating the diversity of local networks. The data also indicate that a city rarely engages a large number of entities in such working relationships. While it is not uncommon for four or five entities to join with the city, the norm is that one to three organizations work with the city on a particular effort. This array of connections gives the cities great flexibility and power in the marketplace to add and subtract members/actors, but it also adds to the task of the administrator in the development and maintenance of these networks (Milward 1996).

The strategic purpose of local economic development is critical to an understanding of network composition. Our data on clusters by categories of strategic activity show different densities for policy/strategy making, resource exchange, and project-based purposes. Partnerships with county governments and local development corporations are most active for resource exchange, with Chambers for policy assistance and joint policy making. Indeed, a network involved in producing local policies and strategies is likely to include multiple entities: Chamber, LDC, and sometimes either the utility or another city. Project networks are similar, involving city, LDC, and often the local utility. Resource exchange networks are somewhat different; they seldom involve Chambers but often include local foundations, private industry councils, special districts, and local utilities. In sum, it is probably inaccurate to speak of a single development network, but rather to speak of a series of connections that exists depending on what the city is trying to accomplish strategically.

What leads to high levels of engagement in networking activity? An analysis of the relationship between activity and four broad dimensions—leadership, managerial, policy, and locational—reveals notable differences. High policy/strategy-making networking tends to be associated with LDCs as the lead
institutions, demand and subsidy policies, use of planning and
data bases, and central cities and rural areas. Resource exchange
networking is associated with city director-led efforts, demand
and subsidy policies, evaluation and data bases, and central
cities. Project-based networking seems to be associated with
director-led efforts, direct provision and marketing policies,
evaluation and data bases, and no particular locational context.
Again, different activities within development are associated with
active levels of networking among city administrators.

CAPACITY

This study points to the managerial significance of net-
working activities. No longer dependent on traditional command
and control mechanisms of hierarchy, public managers find
themselves taking advantage of scope and scale without the
redundancy and rising costs that often follow in the wake of
bureaucracy (Milward 1996, 194). Most of the cities in our
survey have economic development departments that are very
small, from one to three professionals. While some of their work
is internal (i.e., planning and zoning matters, infrastructure
connections, other community development work), considerably
more is external (i.e., making contacts and building bridges with
other development entities). These tasks include seeking partners
who will jointly develop policy with the city, work together on
development efforts and projects, jointly finance, and so on.
These are not the same technical tasks as, say, ordering a water
hook-up, sequencing a street project, preparing a land-use plan,
or negotiating a loan program under CDBG. Networking requires
knowledge of joint financing arrangements, negotiation of joint
strategies, complementary implementation of projects through a
sequence of organizations, writing of interagency agreements,
contract management and assessment, and more.

Networking requires capacity that is different from that of
single organization management. Unfortunately, capacity in
policy and management studies resists operationalization. The
urban and rural development literature is based largely, explicitly
or implicitly, on the idea of capacity. For example, Blakely
(1994) writes that local development is in part a function of local
government capacity, noting that practitioners are quick to relate
"the key to development success in a city is leadership ability."
Scholars agree that local capacity building is an important part of
ensuring effective policy making and that capacity is a strong
determinant of successful development (McGuire et al. 1994;
Honadle 1981; Walzer and Gruidl 1991; Fosler 1992). As Gar-
gan (1981) argued several years ago, however, the concepts of
capacity and capacity building have come to be used in rhetorical

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rather than scientific terms. Capacity remains a mysterious con-
cept to scholars; we know it exists but we do not know what it
is. As a result, the enlightening attempts to define capacity that
penetrated the urban and public administration literature during
the 1970s and 1980s have not ended, and capacity continues to be
used in a well-meaning but sometimes frivolous manner.

We can turn to the high performing cities for possible evi-
dence of capacity in multiorganizational settings. Although the
general patterns reported from the large data set remain for the
six case cities, some important differences suggest aspects of high
capacity network management. With respect to policy/strategy-
making networks, the high performing cities devote a compara-
tively small percentage of their activity to policy assistance and
formal partnerships and a comparatively large percentage of such
activity to joint and consolidated efforts. For these high capacity
cities, nonformal efforts, where networks are not bound by legal
or contractual ties and collaborative relationships are thus not
specified a priori, are more prevalent. With enhanced capability,
the high performing cities are able to manage the networks on the
fly, so to speak. The case cities also appear more adept at
seeking resources, with a significantly greater percentage of total
network activity in these cities dedicated to joint financing and
contracting. With respect to project-based activities, other
jurisdictions are much more active, and townships and special
districts are much less active with these cities when they are
compared to the sample as a whole. Collaborative relationships
with other laterally located jurisdictions (e.g., municipality-
municipality) may require more effort (thus more capacity) than
establishing relationships with governments that are already part
of the jurisdiction (e.g., municipality-county; municipality-
township; municipality-special district).

Capacity may indeed be based on the ability to engage the
interorganizational skills that we have previously mentioned, but
it also involves the ability to acquire the knowledge to use
resources wisely. As Kettl (1996) maintains, for most of the
twentieth century much of government power grew from expерtise,
but changing technology and varying loci of information
have shifted expertise away from this monopolistic position.
Abilities, information, knowledge, and expertise in economic
development do not reside exclusively in the city government,
but with counties, water districts, utilities, Chambers of
Commerce, and LDCs. The city must tap these capabilities and
informational sources to get programs off the ground. Although
neither the city governments nor the LDCs in our six high
performing case cities were in a position to evaluate or monitor
their partners' outputs or performance, mutual information

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creation and reciprocal reporting through exchange became the functional equivalent of monitoring.

While it is not reported in this article, our research identifies strong linkages between horizontal activity and vertical contacts with state and federal governments, suggesting an apparent underlying latent explanation for intergovernmental networking as a whole. Moderate but significant correlations exist between levels of horizontal and vertical networking contacts and activity. It may be that a widening of the network at the local level requires resources that can only be acquired from state agencies, such as finances, information, and expertise. Or—since contacts at the state level are likely to possess a more regional or state-wide perspective—they may suggest, even advocate, greater collaboration with horizontal actors. Whatever the explanation, this horizontal-vertical linking certainly necessitates many forms of interactive cross-organization transactions.

Human resource capacities in the era of collaboration are changing also. Multidisciplinary practitioners are managed through myriad clusters rather than through one's subordinates or one's boss. In formal networks, group functioning to jointly create policy and strategy, to operate projects, and to contract puts a premium on these human resource abilities. Transactions in a network involve mutual action by persons with different backgrounds and training, and most important, by persons who represent different organizations. Multiagency strategy determination includes team building, conflict resolution, and problem solving; it also includes the development of groupware aimed at reaching and employing mutual understanding. Group development transcends the more immediate and interactive bases of coordination or communications through hierarchy. In effective multorganizational settings, decision making is based on expertise, but decisions are openly elicited and listened to within the organized entities (Clegg and Hardy 1996, 11).

CONCLUSIONS

This research establishes the management context of local economic development as collaborative. The clusters that make up these networks differ from one strategic purpose to another. The number of clusters suggests that in economic development a condition of hollow state exists, if hollowness means multiple forms of contracting plus other collaborative efforts through formal and informal networking. The city government does not go it alone in economic development; it partners, operates, and reciprocates with key local actors. It is an exemplar of the governance function within modern public management.
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Our depiction of local economic policy management thus differs from traditional concepts of public management. The existence of multiple networks, comprising numerous actors and consisting of differences in composition, carries great implications for public management theory and practice. Many more empirical studies of networking will be needed as public management thought meanders away from the dichotomous and therefore limiting concern about whether a function should be public or private and toward more practical considerations about what configuration of public or private organizations is needed to perform that function (Wise 1990). Researchers are solidly building the case that networks are the norm in public management (Agranoff 1996; O'Toole 1996 and 1993; Mandell 1988; Lynn 1996); we have presented evidence here from 237 cities of a policy context in which multinetwork management is the primary operational concern.

Future studies should more adequately determine the primary reasons for involving particular network actors. For example, do organizations become involved in intergovernmental networks because of political factors? Do they have a stake in the outcome of economic policy? Are they important contributors to the delivery of economic development? Is it both? If so, how much of each? Economic development researchers in urban politics seem to talk past researchers with a managerial perspective and vice versa. For example, regime theory, which focuses on the interdependence of governmental and nongovernmental forces, posits that informal arrangements of public bodies and private interests function together in order to make and carry out governing decisions (Stone 1989). Furthermore, it is argued that as complexity increases, the nongovernmental actors become necessary components of a local delivery system (Stoker and Mossberger 1994). Can such a fruitful theoretical perspective be applied to management research? Research does not portray a regime primarily as an administrative and implementation vehicle, yet a regime is an intergovernmental network in the truest sense. Collaborative studies that do not succumb to the outdated but nevertheless perpetuated view that politics and administration are mutually exclusive may be useful for addressing the politics and management issue in an entirely different context.

Additional questions remain with regard to research on cohesion in public-sector networking and governance. A number of people have anchored their analysis of networks around the concepts of shared meaning (Mandell 1990; Porter 1981) and trust (Fountain 1994; Sabel 1992) as the glue that holds the networks together. One or the other is said to be the basis of

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collaboration, which allows the network to overcome the temptation to compete (Milward, Provan, and Else 1993). These are operational questions that, if explored, could cast additional light on the capacity question.

The network rhetoric of collaboration and trust has neglected the other face of management by interaction, the role that organizational power and interest plays. Networks typically are portrayed as interdependent relationships based on reciprocity and mutual trust where self-interest is sacrificed for the common good. Is this always the case? Clegg and Hardy (1996, 679) suggest, "We cannot ignore that power can be hidden behind the facade of trust and the rhetoric of collaboration, and used to promote vested interests through the manipulation and capitulation of weaker partners." Power would appear to be a substitute for trust in ensuring predictability in collaborative efforts. Although they are not a part of our study, power domains are no doubt present in those relationships. Future studies should examine power versus trust, since power, at least in its rawest form, is unlikely to lead to the kind of synergistic creativity that reciprocal relationships hope to develop.

Network operation also deserves careful attention. We can only raise the questions implied by the research. Beyond the multidimensionality of networks by purpose indicated here, other key dimensions could be isolated. For instance, network centrality/distance, intensity/nonintensity, multiplexity/single purpose, and reciprocity/nonreciprocity would extend understanding for managers. As an example, is high centrality of a particular member a function of knowledge base, status, or the kinds of resources brought to the table? How is intensity related to material or nonmaterial states in the outcomes? Are multipurpose networks more successful in achieving policy aims? To what degree does high reciprocity in networks build trust and power? Many other questions could no doubt be asked.

Finally, the extent to which operation of government policy is effected through the collaborative or hollow state should be investigated within network studies. The questions most often raised relate to loss of control and consequent difficulty in determining accountability (Kettl 1996; Milward 1996; Frederickson 1997). Frederickson (1997) argues that viewing public administration as governance, with its emphasis on exchange, may jeopardize the viability of political and administrative institutions. He indicates that institutions are critically important for the management of exchange and for the crucial management of redistribution when market or nonmarket failures occur. What do networking and collaboration in local economic policy do for
building and maintaining local self-government institutions (March and Olsen 1995)? The current study provides evidence for the significance of multiple exchanges. These implications of exchanges for the practice and development of public administration must be studied further.

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