

**PARTNERSHIPS, NEW LABOUR
AND THE GOVERNANCE OF
WELFARE**

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Partnerships, quasi-networks and social policy

Martin Powell and Mark Exworthy

Introduction

Hierarchies, markets and networks are well-established 'models of coordination' or 'governing structures', with different coordinating mechanisms. "If it is price competition that is the central coordinating mechanism of the market and administrative orders that of hierarchies, then it is trust and cooperation that centrally articulates networks" (Thompson et al, 1991, p 15).

New Labour's main operating code rejects both state hierarchies, or the 'command-and-control' of Old Labour, and the market mechanisms of the last Conservative government, and favours instead a Third Way of 'intermediate' or 'network' forms of organisation (for example, Clarence and Painter, 1998; Exworthy et al, 1999; Kirkpatrick, 1999; Powell, 1999a, 1999b; Rhodes, 2000). However, this is a rather stylised picture of markets, hierarchies and networks. The claim that the original post-war classic, and the Conservative restructured, welfare states can be seen as hierarchies and markets respectively, represents something of an oversimplification; 'pure' forms of hierarchy and market were rare (Exworthy et al, 1999). In a path-breaking account, Le Grand and Bartlett (1993) argued that much of Conservative social policy was more accurately seen in terms of 'quasi-markets' that differed from 'real' markets in a number of important respects. Exworthy et al (1999) followed this line in claiming that it is more accurate to talk in terms of 'quasi-hierarchies' and 'quasi-networks'.

Sako (1992, pp 22-3) claims that networks, strategic alliances and other intermediate forms of organisation have become a fashionable topic, but also that this area of study has recently suffered from excessive neologism. Although New Labour rarely uses the term 'network', there have been many references to the key characteristics of networks (for example, Rhodes, 1997, 2000; Clarence and Painter, 1998). Many terms have been used by New Labour to characterise their 'collaborative discourse' (Clarence and Painter, 1998), such as partnership, inter-agency working, cooperation, coordination, 'joined-up government' and 'seamless services' (for example, DoH, 1997, 1998b, 1998c, 1998d, 1999, 2000; see also Hudson et al, 1999; Huxham, 2000; Ling, 2000; Balloch and Taylor, 2001a, 2001b). Cognate terms appear to include horizontal government (Peters, 1998), multi-organisational partnerships (Lowndes and Skelcher, 1998),

collaborative governance (Huxham, 2000), inter-agency collaboration (Hudson et al. 1999), networks (Kirkpatrick, 1999), and inter-organisational relationships and networks (Hage and Alter, 1997). Most writers, therefore, roughly equate a number of terms, including networks, with partnerships.

On the other hand, Lowndes and Skelcher (1998, p. 314) argue that partnership is an organisational structure, which is analytically distinct from network as a mode of governance – the means by which social coordination is achieved. The creation of a partnership board, for example, does not imply that relations between actors are conducted on the basis of mutual benefit, trust and reciprocity – the characteristics of a network mode of governance. Rather, partnerships are associated with a variety of forms of social coordination – including networks, hierarchies and markets. However, according to Huxham (2000, p. 339), many words are used to describe governance structures that involve cross-organisational working. These include partnership, alliance, collaboration, coordination, cooperation, network, joint working and multi-party working. Although practitioners often claim different meanings for these labels, typically arguing that a particular situation is a ‘collaboration’ but not a ‘partnership’ or vice versa, and some writers claim clear definitional distinctions between the terms, there appears to be no consistency between practitioners or authors in this respect. So the terminology remains confusing. For example, Hage and Alter (1997, p. 97) point out that the term ‘network’ is much used and abused, and that there are many cognates such as relationships, joint ventures, linkages and alliances. From the opposite direction, Mitchell and Shortell (2000, p. 242) refer to the term ‘partnership’ as coalitions, alliances, consortia and related forms of inter-organisational relations.

We follow Huxham (2000), as the title of this chapter suggests, and view ‘partnership’ as a quasi-network or intermediate form of organisation that is distinctive from both hierarchies and markets. Le Grand and Bartlett (1993) use neoclassical economic theory in order to specify the assumptions under which organisations in the quasi-market achieve their objectives. We use a similar approach to establish how quasi-networks achieve their objectives. Our argument is more tentative, as the relevant literature is less developed and is scattered across a number of disciplines and approaches. This preliminary account sacrifices depth for breadth, and takes two different approaches. The deductive approach examines the huge and disparate literature that has some relevance to partnership, and attempts to establish which concepts are viewed as significant. The inductive approach examines accounts of partnership in policy and practice settings, and seeks to distil out concepts. We then compare the two approaches to ascertain the extent to which they are interrelated.

Understanding quasi-networks: a deductive approach

Sako (1992, p. 24) notes that there has been much theorising about intermediate (or network) modes of coordinating production in the past decade or so. Sako reviews the theories of transaction-cost economics, relational contract theory, a sociological approach to networks, and networks and management strategy.

Similarly, we examine a number of narratives of network coordination in welfare. We place a little empirical flesh on the abstract bones with some examples drawn largely from healthcare.

Economics

We give a brief overview of two relevant economic perspectives on welfare services (see also Lunt et al., 1996). First, according to principal-agent theory (Milgrom and Roberts, 1992), agents act on behalf of principals to achieve an end. In quasi-markets, contracts have been seen as the mechanism regulating the relations between purchasers (principals) and providers (agents). There is often a problem of information asymmetry, in that agents generally have more information about services than principals. Therefore, principals must devise an incentive structure to ensure that their objectives are achieved. Davies et al. (1999) identify two mechanisms for agent control: fostering congruence of objectives; and developing a market whereby agents compete for the contracts of principals. They see trust as the basis of both approaches. With a potential for opportunism and the partiality of monitoring mechanisms, trust becomes a crucial ingredient within network relations. Shared objectives, possibly fostered by an incentive system, facilitate such trust. Davies et al. (1999) regard trust as a ‘social lubricant’ and as an alternative to expensive transaction costs. Goddard and Mannion (1998, p. 106) observe that nurturing long-term relationships based on cooperation and trust can be viewed as an explicit attempt to solve the basic principal-agent problem in the purchaser/provider split.

Second, new institutional economics suggests that market failures are often associated with transaction costs, which may play a central role in determining whether markets or hierarchies are the most efficient governance structure in any given situation (Williamson, 1975). The associated factors include bounded rationality, uncertainty, opportunism and ‘atmosphere’ (Lunt et al., 1996). Similarly, transaction costs may be important in determining whether ‘hard’/‘adversarial’ or ‘soft’/‘relational’ contracts are more efficient (Sako, 1992; Bartlett et al., 1998). For example, drawing on Williamson, Sako argues that obligational contractual relations (OCR) are more likely to emerge if suppliers contribute to the product design and development process than if they do not. Mackintosh (2000) differentiates ‘partnerships contracts’ with non-profit providers, who actively seek risk and responsibility from an arm’s length contracting culture with commercial suppliers. New Labour claims that cooperation has replaced competition in the new NHS (DoH, 1997). Thus longer-term agreements are emphasised, and purchasers and providers are no longer seen in a simple principal-agent relationship. However, some commentators argue that the market was never as red in tooth and claw as proposed by advocates or as feared by critics. In short, Labour has reduced and refined, but not abolished, the market in healthcare (Powell, 1999a). It may be more accurate to see moves from ‘hard’ towards ‘soft’ contracting as an attempt to reduce transaction costs and to solve principal-agent asymmetries (for example, Goddard and Mannion, 1998; Mackintosh, 2000).

Political science

The search for greater coordination to solve 'wicked' or 'interconnected' problems has been a major feature of 'traditional public administration' (for example, Challis et al., 1988; Perri 6, 1997; Peters, 1998). Networks are sometimes viewed as the least worst mode of coordination. Traditional command-and-control hierarchies suffer from problems of separate vertical lines of authority from centre to periphery. Orders are transmitted down vertical 'silos' and there is little evidence of joined-up thinking, either between the 'policy villages' of the central Whitehall departments or between local agencies (Rhodes, 1997, 2000; Kavanagh and Richards, 2001). Perri 6 (1997, p. 37) argues that 'wicked' problems can be solved only by more 'holistic' government – that is, horizontal integration and linkage between fields and function.

According to Rhodes (2000, p. 345), the governance narrative (see Chapter Three), with its emphasis on networks, contrasts sharply both with the Westminster model and its story of a strong executive running a unitary state, and with new public management (NPM) and its story of the search for efficiency through markets and contracts. Rhodes defines governance as "self-organizing, inter-organisational networks" that are interdependent and have a significant degree of autonomy from the state. Trust is the central coordinating mechanism of networks, in the same way that commands and price competition are the key mechanisms for hierarchies and markets respectively (Rhodes, 2000, p. 353).

Rhodes (2000, p. 346) regards New Labour's key objective of joined-up government as a guise for governance. For example, he claims that the White Paper on *'Modernising government'* (Cabinet Office, 1999) aspires to 'joined-up' or 'holistic' government; both phrases are synonyms for steering networks. He describes the challenge as getting different parts of government to work together by "designing policy around shared goals". Specific proposals include organising work around cross-cutting issues, pooled budgets, cross-cutting performance measures and area-based initiatives such as Health Action Zones. Stoker (2000, p. 98) focuses on urban partnerships. Steering in the context of governance recognises that government cannot impose its policy, but must rather negotiate both policy and implementation with partners in the public, private and voluntary sectors.

Management

The management literature covers a number of disparate approaches, such as contractual relations; 'new public management'; post-Fordist and post-Taylorist approaches; and organisational and individual influences on the collaborative culture (see Felie and Pettigrew, 1996; Hudson et al., 1999). Sako (1992) claims that obligatory contractual relations (OCR) are associated with lower transaction costs than adversarial contractual relations (ACR). OCR is often associated with Japanese industry and the microprocessor industry (see also Hage and Alter, 1997; Hudson et al., 1999). It is based on a clear perception of

dependence and a sense of fairness and shared norms, particularly between power unequal partners. OCR is characterised by a greater transactional dependence on trading partners; a longer projected length of trading; a greater willingness to offer orders before prices are negotiated and fixed; and a greater degree of uncosted sharing of technological know-how and risks associated with business fluctuations. In short, trust is integral to networks. Similarly, Felie and Pettigrew (1996) argue that the NHS is best characterised in terms of relational rather than crude classical models of contracting (see also 'Economics', discussed previously).

New public management (NPM) often eludes easy definition. Felie et al. (1996) identify four broad approaches: the efficiency drive; downsizing and decentralisation; a search for excellence; and public service orientation. In all but the first approach, quasi-networks form an (often) implicit basis. In particular, elements of the NPM literature, which draw on the 'excellence school' of Peters and Waterman (1982), stress flatter, network-like organisational forms. However, in practice, it has been noted that NPM approaches under both Conservative and New Labour governments tend to emphasise top-down, vertical hierarchical line management, rather than flat, horizontal networks (for example, Clarke and Newman, 1997; Newman, 2000; Rhodes, 2000).

Wilkinson and Appelbee (1999, p. 32) claim that post-Fordist and post-Taylorist paradigms have emerged from the manufacturing revolution, led by a number of Japanese car manufacturers. Post-Fordism is associated with the move away from the Weberian/modernist form of organisations, which were marked by rules, procedures and lines of authority within hierarchical relations (Exworthy and Halford, 1999, p. 11). Applied to the welfare state, Felie and Pettigrew (1996, p. 82) state that since the 1970s increasing evidence has been accumulating of a shift towards more flexible post-Fordist modes of organising. Felie et al. (1996, p. 48) regard a post-Fordist model as one in which the organisation is fragmented in a large number of operational units, which are then *loosely coordinated* by a central organisation. The centre no longer retains control through hierarchy, but through a mixture of subcontracting, franchising and partnership arrangements.

Hudson et al. (1999) point out that both organisations and individual actors can influence the 'collaborative culture'. Organisational style or culture is important (Felie and Pettigrew, 1996; Hudson et al., 1999). Changing the culture of organisations is central to the 'excellence school' of NPM (Peters and Waterman, 1982; Felie et al., 1996). However, the links between an organisational lead and wide ownership are not fully clear. Two facets of working towards wide organisational ownership can be identified: recognising and nurturing 'reticulists'; and engaging with front-line staff. Thus the literature recognises the importance of 'champions of change' – committed and charismatic staff who can drive change. In the case of inter-agency working, those individuals with the relevant networking skills have been termed 'reticulists' (Challis et al., 1988) or 'partnership champions' (Audit Commission, 1998). As Hudson et al. (1999, p. 251) point out, the characteristics of reticulists are likely to include not only technical or competency-based factors, but also social and inter-personal

skills. Rhodes (2000, pp 355-6) notes that the attribute of 'diplomacy' or 'management by negotiation' lies at the heart of steering networks. He contrasts this style of 'hands-off management' or keeping an arm's length relationship with the 'macho-manager'. Fertle and Pettigrew (1996) report the results of their survey of NHS managers, who claimed that the characteristics and skills needed within network-based forms of management included trust, reciprocity, understanding and credibility. The second facet of working towards wide organisational ownership – engaging front-line staff – focuses on the importance of providing incentives and developing multi-professional working (Hudson et al, 1999; see also Chapter Five).

Sociology

Two broad elements of sociological literature will be explored: the importance of social relations; and a renewed emphasis on 'bottom-up', community or civil society initiatives. Commentators associated with economic sociology and socio-legal studies point out that all transactions and contracts are rooted in social relations. Particular attention has been paid to the notions of relational markets, embeddedness and trust (Granovetter, 1985; see also Fertle et al, 1996; Lunt et al, 1996). In other words, exchanges contain both economic and social components; the focus is thus upon the relationship and not simply the transaction (Exworthy, 1998, p 459). Recurrent social exchanges generate norms and conventions that are replete with expectations and which shape economic behaviour. In complex markets, informal information transmitted through social networks concerning issues such as quality, trust, reputation and status is viewed as possibly more important than price (Flynn et al, 1996; Lunt et al, 1996; Bartlett et al, 1998; Mackintosh, 2000).

The second stream of sociological literature sees various solutions from empowering the community through 'bottom-up perspectives'. Solutions cannot simply be imposed on, or parachuted into, areas. Commentators use various terms including community development, civil society, capacity building, community governance, social and civic entrepreneurs, voluntary and mutual solutions and associational welfare (for example, Wilkinson and Appelbee, 1999; DETR, 2000b; see also Chapters Seven to Nine). To take one example, Putnam (2000) argues that economic and civic success is more likely in societies with more 'social capital'. This elusive concept has been viewed in terms of membership of organisations, voting levels and trust in others. Putnam argues that social capital develops most in societies characterised by horizontal, rather than vertical, social relations. The National Neighbourhood Strategy proposed by the Social Exclusion Unit and, to a lesser extent Health Action Zones, make clear reference to these ideas of social capital. Putnam was invited to explain this thesis to both former President Clinton and Prime Minister Tony Blair (*The Daily Telegraph*, 9 March 2001). It remains unclear whether these initiatives represent a genuine devolution of power and resources resulting in local empowerment, or whether they simply legitimise disengagement by the state.

Overview

This brief tour through disciplinary perspectives shows that approaches to networks are partially common, but complex and contextual. To some extent, the disciplines speak a common language, but with different accents. For example, economists studying quasi-markets in the UK in the 1990s emphasised social as well as economic factors. These factors include trust, collaboration and the institutional environment (Lunt et al, 1996; Bartlett et al, 1998). However, while sociologists have emphasised the embedded nature of trust in social norms and conventions, economists have seen it as instrumental and its benefits calculable (Roberts et al, 1998, p 282). Some commentators (for example, Sako, 1992) draw on concepts from a number of disciplines. Although terms may vary, there appears to be some agreement on the importance of reducing transaction costs through developing trusting, long-term, embedded, obligatory relationships (for example, Fertle and Pettigrew, 1996; Bartlett et al, 1998; Mackintosh, 2000). However, behind a superficial similarity of terms may hide a diversity of complex meanings. For example, there is a huge literature on diverse forms of trust, and discussion of trust often does not get beyond 'irritating rhetorical flabbiness' (Gambetta, 1988, p 214). Divided by a common language, it is generally agreed that there are some contexts in which networks are the best (or least worst) mode of coordination, as compared with markets and hierarchies. The success of networks is regarded as contextual. There are therefore circumstances when networks, hierarchies or markets are likely to work best (for example, Thompson et al, 1991; Flynn et al, 1996; Exworthy et al, 1999; Kirkpatrick, 1999; Rhodes, 2000).

Understanding quasi-networks: an inductive approach

There is no shortage of advice on how to 'do partnerships' (Ling, 2000, p 93). However, the validity and reliability of this input into 'evidence-based policy making' is less clear. According to Chartered Institute of Public Finance and Accountancy (CIPFA, 1997, p 102), objective evaluation of the impact of all partnerships is generally lacking. The value added by partners and the associated impacts attributed to them need to be better measured and documented. Similarly, Department for the Environment, Transport and the Regions (DETR, 2000b, p 19) states that simply setting up new partnerships is no recipe for success. There needs to be more rigorous thinking about the nature, form and terms of inter-organisational collaboration. A more optimistic line is taken by the Health Select Committee (2001), which asserts that there is now a respectable body of research identifying the success criteria to ensure effective partnerships. The Health Select Committee therefore urges the government to apply these success criteria to its own proposals to establish new partnerships in the form of Local Strategic Partnerships and its wider 'joined-up' policy agenda across government departments.

In contrast, by enforcing partnerships in many sectors, the government has already decided that partnerships are, by default, better than hierarchies or

markers. However, some years ago, Ferlie and Pettigrew (1996, p 95) reported that NHS managers were unclear on the success criteria of networks. Managing networks consumed a lot of time, but did not necessarily lead to tangible outcomes, with the consequent risk that the means of managerial process might drive out the end of delivering better services. A further problem was the uneasy combination of network-based forms of management with a strong performance orientation, with its focus on quantification and short-term target setting (see also Exworthy and Berney, 2000). According to DETR (2000b, p 47), the history of partnership initiatives suggests that failure is often due to lack of clarity on the basic intention and objectives. Many initiatives are marked by uncertainty of purpose: whether the aim is outcome-orientated (doing something that makes a difference); process-orientated (working in new ways to make a difference); or experimental (doing something to see whether it makes a difference).

In this section, we review the evolving academic literature which uses empirical evidence to identify the ingredients of successful partnerships in various different social welfare settings. Hardy et al (1992) examine five categories of barriers to collaboration in the sphere of community care: structural, procedural, financial, professional, and status and legitimacy. Addressing a wider range of partnerships, the Audit Commission (1998) sets out a 'checklist' of 28 questions under five headings: deciding to go into partnership; getting started; operating efficiently and effectively; reviewing the partnership's success; and reviewing what the partnerships can expect to achieve (see also Chapter Four). In a study of partnerships to reduce health inequalities, Evans and Killoran (2000) suggest six categories of enabling factors: shared strategic vision; leadership and management; relations and local ownership; accountability; organisational readiness; and responsiveness to a changing environment. Ling (2000) sets out four dimensions through which partnerships might be compared: membership; links; scale and boundaries; and the context of partnership. Powell et al (2001) suggest a 'ladder of partnership' with the rungs being isolation, encounter, communication, collaboration and integration (after Hudson et al, 1999); these are examined in terms of policy, process and process streams. In the US, Mitchell and Shortell (2000) examine six dimensions of community health partnership: governance of strategic intent and reasons for organising; determining the partnership's domain and setting the strategic direction; partnership composition; resources; coordination and integration issues; and accountability.

The government sees the ingredients of successful partnership working in the health and social care sectors as follows (DoH, 1998a, 1998d):

- a clarification of the purpose of the partnership;
- recognition and resolution of areas of conflict;
- agreement on a shared approach to partnership;
- development of strong leadership;
- continuous adaptation to reflect the lessons learned from the experience;
- incentives to reward effective working across organisational (and geographical) boundaries.

A parallel perspective is provided by the work of Policy Action Team 17 for the National Strategy for Neighbourhood Renewal (DETR, 2000a, 2000b). According to the Team's report (DETR, 2000a), there are several principles for effective joint working in deprived areas:

- Empowerment. Unless the residents of deprived communities are partners in joint working, nothing will change.
- Leadership and commitment. Partnership can be an excuse for everyone to do nothing. The most successful joint working has strong leadership and involves real – rather than token – commitment from all partners.
- Prevention is better than cure. Joint action should be focused on spotting problems.
- A radical change of culture. Public service culture needs to move away from focusing on the inputs and outputs of particular services, towards achieving shared outcome targets.
- All levels of government need to be involved.
- Mainstream services are the key.
- Central government as a facilitator.

A wider framework is provided by Challis et al (1988), who contrast the optimistic with the pessimistic tradition. The optimistic tradition assumes organisational altruism and rationality. In contrast, the pessimistic tradition assumes that individual and group interests are multiple and divergent, and the net result is competition, bargaining and conflict. Challis et al claim that neither the optimistic nor the pessimistic model fully captures the complexity of the world of policy making. They therefore suggest a new model – the planned bargaining model – which takes into account structure and agency; organisational structures and behaviour; costs and benefits; and incentives and sanctions.

It is clear that there is a degree of consensus between academics and policy makers regarding the key ingredients of a successful partnership. (See also Hudson et al, 1999; Ling, 2000; Powell et al, 2001.)

Table 2.1 shows some themes arising from these studies, classified as far as possible by terms used by the original authors. Factors such as the purpose of partnerships or shared vision, organisational arrangements, ownership and trust appear to be common across studies. These are discussed below.

Shared vision

A shared set of values and a broadly based consensus have long been recognised as important factors (Hardy et al, 1992, pp 18–93; DETR, 2000b, p 19; Huxham, 2000). As Hudson et al (1999, p 247) sum up, "Most approaches to collaboration take it for granted that an explicit statement of shared vision is a prerequisite to success". However, while the ends may be commonly agreed, the means to achieve these ends may be disputed. Hence, organisational arrangements are a common feature of many studies promoting effective partnerships.

Table 2.1: Comparison of components of 'effective partnerships'

Autors	Purpose/ Focus of study	Former Organisation/ structure	Ownership/ trust	Leadership/ evaluation/ adaptation	Accountability	Incentives/ Resources/ Other
Audit Commission (1998)	Checklist for Deciding to enter partnership	Getting started	Expectations	Review 'success'	Efficiency & effectiveness	
Evans and Killean (2000)	Partnerships to reduce inequalities	Shared strategic vision	Organisational readiness	Leadership & Relations	Responsiveness to changing environment	Accountability
Hardy et al (1992)	Barriers to partnership	Procedural barriers	Professional/ Structural status barriers	Legitimacy barrier	Financial barrier	Scale & boundaries
Hardy et al (2000)	Principles of Clarity/ Partnership of realism	Robust arrangements	Commitment/ development/ maintain trust	Monitor/ measure/learn	Incentives to reward effective work	Scale & boundaries
Labour Government (1998, 1999)	Ingredients of success	Clarify purpose of conflict resolution	Shared approach	Strong leadership	Continuous adaptation	Scale & boundaries
Lin (2000)	Measure/ compare partnerships	Context	Memberships/ links			Scale & boundaries
Mitchell and Shorell (2000)	Governance of community domain & partnerships	Partnership domain: coordination, integration	Composition: links	Accountability	Resources	Scale & boundaries
Powell et al (2001)	Ladder of partnership & streams	Policy stream	Process stream			Scale & boundaries

Resources

Resources are sometimes seen as distinct from organisational structure (see Table 2.1); however, we examine them together, as staff resources are clearly related to financial resources. The most obvious resource is money, and many other resources, such as staff time, flow from this and also incur opportunity costs. As most public organisations have multiple priorities, the commitment of financial resources is a good test of whether stated or paper priorities (the shared vision) are backed by hard cash. Similarly, in a crowded policy agenda, the allocation of staff time may be crucial. In particular, the value of individuals with skills to work across boundaries, variously termed 'partnership champions' (Audit Commission, 1998) or 'reticulis' (Challis et al, 1998), is clear. However, their cross-agency role may mean that they lack sufficient (organisational) power to effect change, as they may lack adequate legitimacy within either organisation. Challis et al (1988, p. 137) claim that policy coordination can be bought by offering a financial incentive to cross boundaries – 'crops of gold'. Conflicts over resources and accountability between partners are likely, with the possibility of cost shunting. Costs may be shunted vertically within an organisation or horizontally between organisations. However, cost shunting or blame transfer indicates a lack of shared ownership between partner agencies. These difficulties may undermine partnerships, if resources are spent on areas considered to be beyond the 'normal remit' of either agency.

Although cash is the most obvious resource, other resources, such as trust and power, are no less important. Indeed, for most partnerships, building trust is the most important ingredient for success (CIPFA, 1997; Audit Commission, 1998, p. 26; see also Sako, 1992; Flynn et al, 1996; Hardy et al, 2000; Rhodes, 2000). The importance of trust has been recognised in documents such as the NHS Plan (DoH, 2000, pp. 56–7). This introduces a new delivery system based on the NHS as a 'high trust' organisation, which is glued together by a bond of trust between staff and patient. However, trust is often a resource in short supply. Many commentators claim that market relations corrode trust, and that mechanisms to build or rebuild trust remain problematic (Davies, 1999; Exworthy, 1998).

Autonomy and power

Networks are flatter organisational forms than hierarchies (Thompson et al, 1991). Hudson et al (1999, p. 255) argue that networks achieve coordination through less formal and more egalitarian means than a hierarchy. Balloch and Taylor (2001b) claim that partnership reflects ideals of participatory democracy and equality between partners. Hage and Alter (1997, p. 96) claim that networks differ from hierarchical coordination because of the autonomy of each member. While networks do not necessarily remove issues of power and dominance, there are degrees of both independence and interdependence between network members. In the perfectly competitive market, there is no dependence, as no organisation can have an effect on price. In a hierarchy, subordinate organisations

are completely dependent on their superior. For Rhodes (1997, 2000), governance refers to self-governing, inter-organisational networks that have a significant degree of autonomy from the state. Hardy et al (2000, p. 16) claim that partnerships work best where each partner is perceived to have an equivalent status, even though some may have more of some resources than others. For example, according to the Cabinet Office (2001, pp. 43-5), it is crucial that the partnership is one of equal players. On the other hand, Sako (1992, p. 45) claims that trust may exist in highly unequal power relationships. Moreover, OCR trading partners may be more willing to accept unequal power relations than ACR partners.

If the majority line is accepted, it follows that power asymmetries set a limit to networks. How much inequality of power is possible before a network becomes a hierarchy? The answer, in part, depends on the definition of power either in the traditional, Weberian sense as an observable commodity, or in the Foucauldian sense as diffuse, localised and invisible. The former sees power as part of a zero sum game in which, if one individual or agency gains power, another necessarily loses it. The latter does not necessarily see power as coercive, but a dispersed practice to which all participate and are subjected.

Power relations may be explored in horizontal and vertical dimensions. Resource asymmetry may be at the root of power struggles in local partnerships (Cloeke et al, 2000). Indeed, such asymmetry is explicit in relation to 'lead' agencies which are often advocated by government (for example, DoH, 1998d). A 'lead' agency necessarily implies a 'following' partner agency. Moreover, some agencies may be excluded from the partnership in the first place. Community groups or agencies not considered to have a contribution to the shared vision will thus suffer in terms of claims upon resources. Stoker (2000, p. 100) argues that an 'iron law' in partnerships which involve locally elected representatives appears to be the unavoidable tendency for them to question the legitimacy and representativeness of all other partners.

Clarence and Painter (1998, p. 15) argue that the government's collaborative discourse is countered by another conflicting and contradictory discourse of central performance that drills down separate vertical silos. Rhodes (2000, p. 361) argues that New Labour operates a "command operating code in a velvet glove". This stresses the importance of hierarchy, regulation and inspection in the NHS, through organisations such as the National Institute for Clinical Excellence (NICE) and the Commission for Health Improvement (CHI). Similarly, the NHS Plan (DoH, 2000) proposes a 'traffic light' system in which autonomy is 'earned'. In essence, local agencies can do as they like, as long as they comply with government wishes. The Cabinet Office (2001, p. 50) states that if a partnership is failing to develop or deliver, Government Offices of the Regions may have to intervene to ensure effective leadership from another source. This seems to have more in common with the authority of a hierarchy than with the trust of a network (see also Chapter Three). Thus, according to most commentators, hierarchies and local resource asymmetries, as well as markets, may corrode trust.

Themes less commonly addressed in inductive approaches include some

aspects of resources, leadership and accountability. It is perhaps surprising that resources and, to a lesser extent, accountability, are considered less crucial factors, since they seem to lie at the heart of notions of power, network composition and hence cross-agency partnerships.

The main problem with a 'shopping list' approach to identifying the features of effective partnerships (Table 2.1) is that it is difficult to deal with any tensions or trade-offs between the dimensions. For example, there may be a trade-off between 'strong leadership' and 'widespread ownership'. While 'policy champions' or working parties can galvanise action for a particular partnership, they may also create a sense in which responsibility and ownership is deferred to such leadership. Partnership working can therefore fail to permeate across agencies. This tension is highlighted in the Cabinet Office (2001) report on neighbourhood renewal. Compare:

- "Strange as it may seem, it's been no-one's job at local level to pull together all the different agencies with an impact on deprived neighbourhoods" (p. 44); and
- "Local Strategic Partnerships will operate by consensus in order to reflect and retain the buy-in of partners" (p. 45).

Conclusions: towards a shared vision of quasi-networks?

Some commentators suggest a remarkably loose definition of partnership. For example, Ling (2000, p. 84) writes that they may be based on very trusting relationships and long-term reciprocity, but equally, they may be based on cautious, short-term alliances, which will be broken as soon as narrow sectional interests are compromised. Often there will be a lead agency and relationships may be hierarchical, with some partners obviously exercising more power than others. The purpose of the partnership may be tightly or loosely defined. However, we have suggested a more tightly defined version of partnership as a quasi-network. While it may contain elements of market and hierarchy, any meaningful definition of a partnership must have more in common with a network than a market or a hierarchy (see also Hage and Alter, 1997; Rhodes, 1997, 2000; Lowndes and Skelcher, 1998). The definition is bounded on the one side by the division between ACR and OCR, and on the other side by the degree of autonomy from other stakeholders. In short, a quasi-network cannot be likened to customers purchasing goods from supermarkets, nor to an army, which similarly is not a 'partnership' of colonels and corporals.

Although New Labour rarely uses the term 'network', it has made many references to the key characteristics of networks (for example, Thompson et al, 1991; Rhodes, 1997, 2000; Clarence and Painter, 1998), such as trust, cooperation, collaboration, partnership, alliances and working together. It is possible to argue that 'quasi-networks' are to New Labour what 'quasi-markets' were to the Conservatives. Otherwise, it is premature to specify in detail the conditions under which quasi-networks deliver social policy objectives (Le Grand and Bartlett, 1993). While the analysis of quasi-markets was based on neoclassical

economics, material on quasi-networks comes from a variety of disciplines. A comparison of our inductive and deductive approaches shows some common themes. Some issues appear strongly in both approaches – trust is perhaps the clearest example. By contrast, characteristics such as 'shared vision' appear in inductive approaches, but are less prominent in the deductive approaches. Similarly, notions of equal power and status or of accountability are common in inductive approaches, but not so in deductive approaches. While there is some shared vision between the deductive and inductive approaches, differences persist.

This lack of consensus about quasi-networks has profound implications for government and policy. First, our understanding of the ingredients for effective partnerships is not as advanced as the Health Select Committee (2001) suggests. While many lessons can be learned from quasi-markets (Bartlett et al, 1998), the ingredients and, crucially, the tensions between them, are less clear. Government can steer networks only imperfectly (Rhodes 1997, 2000) because the steering mechanisms are poorly understood and because the levers at their disposal are arguably less effective than hierarchies or markets. Even when there is general agreement on an ingredient such as trust, it may be difficult to develop, easy to destroy and hard to replace. Second, building on the markets and hierarchies literature (for example, Williamson, 1975), effective quasi-networks will be contextual. They may work in some situations, but markets or hierarchies may be more effective in others. For example, Rhodes (2000, p 355) claims that networks are seen as preferable:

- when actors need reliable, 'thicker' information;
- when quality cannot be specified or is difficult to define and measure;
- when commodities are difficult to price;
- where professional discretion and expertise are core values;
- where flexibility is required to meet localised needs;
- where cross-sector, multi-agency cooperation and production is required;
- when monitoring and evaluation incur high political and transaction costs;
- when implementation involves bargaining.

These hypotheses need to be refined and examined in a variety of contexts. Our understanding of quasi-networks is clearly rudimentary. Further analysis needs to build on the work of quasi-markets (Le Grand and Bartlett, 1993; Bartlett et al, 1998), to analyse the essence, ingredients and policy levers of quasi-networks. Moreover, multi-disciplinary perspectives will be vital in determining what works best, when and where.

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Partnership and the remaking of welfare governance

John Clarke and Caroline Glendinning

Introduction

Partnership has emerged as a central theme in 'Third Way' politics, rhetoric and policies. It exemplifies the drive to move beyond the old politics of organising public services, in which choices were made between state control and market anarchy. This juxtaposition (Old Left = statism; New Right = market individualism) is a characteristic feature of Third Way analysis and argument (for example, Blair, 1998; Giddens, 1998). Partnership embodies the 'between and beyond' spirit of the Third Way, being neither a state bureaucratic system nor a market place of contending interests. As such, it expresses the non-ideological, non-dogmatic orientation of the Third Way, moving beyond the 'old' ideological commitments to the market or the state. Partnership exemplifies the pursuit of pragmatic solutions to policy problems. It promises to restore a collaborative and integrative orientation to a world of public services battered by the ideological, fiscal and organisational assaults of the New Right.

Partnership has the advantage – in terms of political rhetoric, at least – of being relatively non-specific. While this lack of specificity may be a source of concern to policy analysts, it has some distinctive political benefits. Like 'community', partnership is a word of obvious virtue (what sensible person would choose conflict over collaboration?). It is unspecific about the dimensions, axes or composition of particular 'partnerships': partnerships can exist between sectors, between organisations, between government departments, between central and local government, between local government and local communities, and between state and citizen (at least). Despite their wide variations in organisational and social relationships, processes and arrangements, partnerships provide a key, overarching and unifying imagery of this Third Way approach to governing.

The proliferation of partnerships in both political rhetoric and policy initiatives gives rise to a number of analytical challenges. Four main lines of inquiry have developed around the place of partnerships in social and public policy. The first concerns the challenge of defining, mapping and conceptualising partnerships in the coordination of public services (see Chapter Two). The second is the problem of evaluating partnership as a form of coordinating or