**Comment 10**
## Looking at the impact of collaborative policies on intangibles and outcomes through dynamic performance governance

CARMINE BIANCHI, *Professor in Public Management & Governance at the University of Palermo, Italy*

### 1. Managing sustainable growth in collaborative networks through learning-oriented performance governance

The *Etorkizuna Eraikiz* (EE) case study provides thought-provoking insights on the role of intangibles as driving forces for a collaborative network governance primarily lead by the civil society. Among such factors are: 1) social cohesion around core values rooted in cultural traditions (e.g. language and gastronomy); 2) natural and historical assets; 3) human and social capital; and 4) policy innovation. All of them are at the same time framed in an ideal continuity with history, and consistently transposed into the future (Bianchi *et al.*, 2019, p. 104).

The fast and intensive growth in both the collaborative network and the achieved outcomes experienced since the inception of the EE 'model' suggests how intangibles (e.g. leadership, active citizenship and stakeholders' aptitude to leverage natural and historical assets) can make a difference for generating community value. In the EE case, the intangibles profiling the civil society have been the main trigger for successfully deploying the endowment of available shared strategic resources (most of which are intangible too) to generate community outcomes.

The involvement of local government and other stakeholders in the collaborative network, and the adoption of formal institutional structures and coordinating mechanisms (e.g. the reference centres) have certainly contributed to foster consistency among the different network initiatives inside a holistic – though multifaceted – political entity and organisational ecosystem. However, the efforts at which the local grassroots organisations and volunteers have pursued new ventures in various collaborative domains may look even more intensive and pervasive than the pace at which the network governance has perhaps been able to cope with such growth. This condition is a potential factor of unsustainable network performance in the long run, which requires proper methods to plan the future growth of EE, with a focus on capacity building and network legitimacy, to attract, involve and retain stakeholders. Though the final outcomes for EE are undoubtedly associated with community value creation, relevant intermediate outcomes

are related to the network leaders' capability to pursue growth in the network governance capacity and legitimacy that may sustain the growth in the volume and scope of the projects carried out.

Network capacity not only refers to the number of people working in the projects and to their skills, but also to the number and mix of stakeholders involved and the consistency of their profile with the initiatives carried out. Governance legitimacy is another strategic resource to consider for assessing collaborative network growth sustainability. It is related to the level of trust and mutual accountability among network members and from the external stakeholders towards the network itself. This asset provides a fundamental performance driver affecting the acquisition and retention of stakeholders, which in turn may allow further network growth to be sustained.

Both network capacity and legitimacy sustain policy-makers' ability to consistently leverage and deploy social cohesion around core values, natural and historical assets, and human/social capital. An expression of such ability is policy innovation, to position EE in an ideal continuity with history towards a future that may gradually incorporate new values, consistently with those transmitted by past generations.

Obviously, such strategic resources cannot be procured in the market (Bianchi, 2016, p. 73). Their acquisition and retention are outcomes of value generation processes for which policy-makers should be able to detect and affect the driving factors. Hence, enabling EE leaders through proper planning methods to enhance their learning processes in the implementation of policy innovation for leveraging local intangible assets may prevent growth crises and foster enduring performance outcomes.

There is a relative paucity in the public policy literature on collaborative network lifecycle and growth crises. Among the few studies in the field, Ulibarri *et al.* (2020) and Imperial (2022) identify four main lifecycle stages describing what they define as the "useful life of collaborative network governance", i.e.: 1) activation; 2) collectivity; 3) institutionalisation and stability; and 4) decline or reorientation. Each stage underlies specific challenges and opportunities for collaborative network growth and sustainability. In this regard, two insightful issues of debate have been raised by Ulibarri *et al.* (2020, p. 634), i.e.: "How do collaborative leaders or participants identify the need for reorientations or recreations, and how can they successfully manage these changes? Is decline inevitable, or could adjustments in leadership, accountability, and process dynamics stave off premature endings?" Two more debating issues can be added, i.e.: What kinds of crises can be encountered through collaborative network lifecycles? How could learning-oriented performance governance help in preventing or counteracting them?

Greiner (1972) distinguished four main organisational growth crises. In the early stages of growth, a *leadership crisis* can be generated by the unaddressed need of a formal professional management (organisational structures, budgets, incentives, etc.) to deal with an increasing number of employees. In the next growth stage, an *autonomy crisis* can be generated by the unaddressed need to delegate power. In a further stage, a *control crisis* can happen due to lack of coordination between autonomous field managers. In a later stage, a *red tape crisis* can be caused by a lack of collaboration to counteract an excess of departmentalisation. To prevent these crises, for each phase Greiner suggested adopting tailored organisational responses through the management focus, the organisation structure, the top management style, and the control and management reward systems. The implicit idea behind this conceptualisation is that organisational growth generates more complexity, requiring an increasing resort to formal and informal structures and processes with a different nature and focus, as business maturity advances.

Conversely, framing and addressing the risks of unsustainable growth in public governance networks is perhaps a more complex and less predictable issue than for single organisations. This is primarily due to the intrinsic wickedness of network governance and community value generation processes in today's public service ecosystems (Osborne, 2021), and to the complexity of pursuing coordination and collaboration at an inter-organisational level, consistently with the level of the individual networked organisations (Bianchi, 2021; 2022).

In collaborative network governance, different potential kinds of crisis may converge together to affect the growth and survival of the projects undertaken. For instance, a *red tape crisis* may jeopardise the take-off of the collaboration, because of prevailing cultural systems on the basis of which an excessive emphasis is given to the formal structure and features forging governance agreements. At the same time, a *leadership crisis* can be a potential challenge for collaborative networks in their start-up and early growth stages, because of poor or ineffective efforts towards enhancing individual leadership in a blurred setting where roles, decisions and accountabilities are carried out outside of formal institutional boundaries.

Fostering leadership cannot only refer to an individual dimension, which initiates change, provides vision, instils values, and fosters trust and commitment. Enhancing *collective leadership* (Mintzberg, 2009, pp. 152–154) by leveraging individual leadership is also needed in the medium term. This is to keep direction, to adapt to internal or environmental change, to gather support and to manage relationships not only within a single field or project (e.g. a reference centre), but also with other stakeholders, both in and outside a network.

At societal level, collective leadership entails a pervasive tension by people towards the common good, inspired to a deep feel of belonging to a community. In this regard, Crosby & Bryson (2010, p. 211) refer to *integrative public leadership* as "bringing diverse groups and organizations together in semi-permanent ways, and typically across sector boundaries, to remedy complex public problems and achieve the common good". As noted by Cooper *et al.* (2006, p. 84), "high ethical citizenship conceives of citizenship as a responsibility [...] Low ethical citizenship, on the other hand, conceives of authority as hierarchically distributed".

Therefore, particularly in the described governance context, the concepts of leadership, trust and active citizenship are nested in one another. Detecting the performance drivers triggering each of such intangibles and those through which collaborative policies deploying them may foster local area attractiveness and community wellbeing is vital for effective performance governance (Bouckaert & Halligan, 2007). Sustainable performance at local area level shows, in the medium to long run, a stabilised aptitude of collaborative policy outcomes to build up and retain a balanced set of shared strategic resources, such as common goods. Common goods are natural, social or historical assets which are rooted in a region so as to profile its intimate identity. Examples are ecosystem attributes (e.g. quality, preservation and enjoyability), availability of green spaces, respect for the environment, usability of cultural heritage usability and social awareness of it, safety, financial stability, and active citizenship (Bianchi, 2021, p. 340). Common goods provide a suitable basis for improving (or ensuring stability of) the quality of life that can be achieved and the attractiveness of the local area.

A learning-oriented approach to planning may enhance individual leaders' aptitudes to frame and share with other stakeholders their values and visions, as well as the necessary actions for attaining community outcomes. It can also enhance building leadership, legitimacy, trust, and conflict management (Bryson *et al.*, 2006). There is a need for innovative governance methods based on facilitated modelling for performance dialogue among the stakeholders involved to enable them to explore the cause-and-effect relationships between the policies adopted, intangible assets and community outcomes. Embodying such a learning-oriented approach in performance governance may substantially help stakeholders enrich the planning process. Through this view, facilitated modelling can support stakeholders in outlining sustainable policies and identifying a set of performance drivers affecting the accumulation and retention of the intangible shared strategic resources in which the EE 'model' is rooted, and their impact on community value generation.

Just such an innovative framework can be provided by 'dynamic performance governance' (DPG). The next section will illustrate the logics and

potential benefits of DPG for managing sustainable growth and detecting/ counteracting early signs of crisis in implementing the EE model.

## 2. Dynamic performance governance as a learning-oriented approach to policy analysis for pursuing sustainable outcomes in collaborative networks

DPG aims at fostering performance dialogue in boundary-crossing settings by bridging three scientific domains, i.e. System Dynamics, Performance Management, and Collaborative Governance. It adopts a selective approach to foster stakeholder learning by modelling policy sustainability across three interconnected stages, i.e.: 1) outlining the targeted end-results; 2) exploring performance drivers affecting them; and 3) setting policies to build up and deploy strategic resources for affecting performance drivers (Bianchi, 2021, 2022; Bianchi *et al.*, 2019).

Strategic resources are stocks of available – tangible and intangible – assets (e.g. natural resources, cultural heritage, image, skills, leadership, trust, population, quality of life) shared in a context by different stakeholders.

The level of such assets changes over time through flows, as the end-result of network governance policies, through which stakeholders affect community outcomes by leveraging shared strategic resources consistently with organisational resources. Different levels of intermediate outcomes are identified through DPG as the end-results which impact final outcomes. For instance, an increase in local area attractiveness can be affected by a plurality of intermediate outcomes, which gauge a change in more specific strategic resources on which such attractiveness depends (e.g. human capital, infrastructures, green areas, services to households and businesses).

Performance drivers refer to the critical success factors for attaining community outcomes. To allow policy-makers to promptly perceive and counteract the effects of discontinuity on performance, they should be continuously monitored for 'weak signals' of change.

Performance drivers are gauged as ratios comparing a strategic resource endowment to a benchmark. A performance driver numerator may refer to different categories, such as: 1) allocated capacity (time; skills; scope, pervasiveness and inclusiveness of collaboration; authority; incentives); 2) shared organisational/individual capacity (e.g. information, contacts); 3) community capacity (e.g. common goods, refurbishment sites); 4) legitimacy (e.g. trust, mutual accountability); 5) service delivery (e.g. percentage of population reached by community services, percentage of enforced policy interventions); or 6) financial (e.g. lien-to-market-value, tax arrears, public

funding). All these categories underlie possible effects on agents' behaviour, which impact on the change in other shared strategic resources. For instance, allocated time, shared information and contacts may affect change in trust. Modelling such relationships requires a selective approach.

While most performance management and governance is focused on financial and tangible measures through a static perspective, DPG adopts a feedback view through which policy-makers are engaged in framing the causes behind the observed patterns of behaviour showing system performance over time. Given the dynamic complexity of framing causation in outcome-based performance governance, the adopted approach is descriptive – rather than prescriptive. To avoid the risk of modelling turning into an illusion of control, DPG helps stakeholders in framing the system's structure and behaviour, and learning from a continuous comparison between the real world and the model (Lane 1994). This requires that stakeholders actively participate in model building: their explicit and tacit knowledge, together with coded data from formal information systems, are prerequisites for learning (Forrester, 1994).

DPG may help stakeholders to detect lack of performance sustainability and policy resistance, which occurs when "policy actions trigger feedback from the environment that undermines the policy and at times even exacerbates the original problem" (Ghaffarzadegan *et al.*, 2011, p. 24). For instance, promoting the image of a place to attract tourists, in order to counteract a financial crisis, without also making investments in infrastructure, may generate an improvement in a bounded set of shared strategic resources (e.g. tourist visits, image, business investments, available jobs) in the short run. However, in the long run, it would deplete other shared strategic resources (e.g. cultural heritage usability, quality of air, sanitation, public space saturation and safety), which would cause the place's image, attractiveness and quality of life to deteriorate, leading tourist visits to drop.

Through learning forums (Ansell & Gash, 2018; Douglas & Ansell, 2021), DPG enables performance dialogue (Rajala *et al.*, 2018). It provides 'boundary objects' for implementing collaborative platforms (Bianchi, 2022), which supports change processes in decision-makers' attitudes and mental models (Moynihan, 2008, p. 111).

## 3.    Conclusions

This paper has illustrated the potential problems that static planning or emotional collaborative networking may generate in the medium to long run, in pursuing community outcomes. We suggested DPG as a learning-oriented framework for performance governance to deal with sustainable network

growth and to foster stakeholders' ability to frame the cause-and-effect relationships behind the outcomes from implemented collaborative policies.

The described approach can strengthen the quality of policy analysis by addressing a number of unsolved issues in outcome-based performance governance, such as: enhancing performance dialogue and policy alignment, managing conflict, fostering trust and legitimacy, building up and deploying shared strategic resources, framing policy trade-offs, dealing with intangibles and non-monetary performance measures, and turning collaborative governance from a discrete event to a continuous process (Bianchi *et al.*, 2021).

In the EE case, DPG could be useful to outline how sustainable collaborative policies may affect intangibles like trust, leadership, active citizenship and culture, in which key policy ideas are rooted. It can also be helpful in supporting stakeholders in outlining policies that, by leveraging such intangibles, may affect performance drivers leading to sustainable community value creation.