

Structural Dynamic of the Public Sector and Multilevel Governance: Between Hierarchies, Market and Network Forms

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Abstract: *In the current economic, social and political context, the problem of the competitiveness reform in public sector lies in the assumption of strategic approaches focused on meeting the public interest, with the lowest cost for society.*

The philosophy management which governs public sector reform tends to create new paradigms and contributes to shaping a new way of thinking and behavior.

Central idea of this paper is that the two dominant models of administration: bureaucracy and governance, provides a range of institutional opportunities but also raises a number of barriers to strategic approaches to emerging public sector.

Bureaucracy is for example, criticized because the lack of prioritization skills and lack of goals and also because lacks to stimulate innovation in the public sector.

Bureaucracy leads to uniformity, flattening of public services. Governance model contains a number of similarities with the strategic approach in the public sector, when we talk about networks, interdependence and self-organizing nature of public administration. The issue that we are trying reveal to your attention is that the current institutional conditions are more complex than two models mentioned are able to cover.

These new demands require the types of organizational structures based on flexible, decentralized structure to replace the traditional centralized, which now is totally inapplicable. Institutional framework may, for example, to provide an opportunity for the New Public Management, but also create a barrier to governance

Keywords: *bureaucracy, governance, public policy, networks, multilevel governance.*

JEL: *M1, R1.*

Introduction

For more than two decades there has been a concern about the reformation of the public sector. Thus a series of models have been created but it is rather difficult to state which one of them is the best. In certain European countries there are expectations towards the re-modeling of the state. In others, the reform implied great changes focused on the improvement of performance in the Public sector. But

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what is really important is that in every European country the model of change in the public sector is taken into discussion very seriously.

There is a series of questions that emerge in this circumstance: Why? Which are the forces that induce so vigorously the need for change in this sector? How can similarities be explained? What about the differences between the European countries?

The central position of the model of change is taken by decision-making process of the elite. This placement is not accidental because most of the specialists in change agree that it is the result of a top-down approach, i.e. it requires acknowledgement and total commitment of the political decision-making factors (executive managers and high-ranked clerks).

The change is strongly influenced by the characteristics of the existing political administrative system which superimpose on those of the change management process.

These systems are the ones which define the framework of the change and in which one must take into account the different context variables, fact which exceeds the approaches focused only on some instrumental features of the change (the systems of total quality, budget oriented towards results, performance contract and other similar instruments can prove to be inefficient or even in appropriate).

In these cases the attention is prevalently paid to a variable or to another one, instead of a serious analysis of the variations in the context of the intervention.

1. Between hierarchy and market

The theory of the public sector activity is integrated in two complementary logics, on the one hand the theory of organizations, and on the other hand the logic of the general theory of action.

The activity in this sector must be understood first as a result of the functioning as an organization or as a body of organizations. Thus, it appears from a very well defined way of analysis, organizational sociology, which developed rapidly in the '50s and was expressed in many published scientific works.

The understanding of the public administration as an organization deeply changed the representations which existed up to that moment and allowed the usage of new theoretical instruments.

From this point of view, G. Timsit summarized the contributions of the organizational analysis in *La science administrative d'hier à demain et après demain* as follows:

- from the point of view of an instrumental public sector obeying totally the political power, the administrative organizations seem to be actors with a certain harmony;
- the separation between administration and civic society is also under discussion.;

- the relations between organization and external environment are fundamental to the configuration and its balance;
- the unitary and hierarchical character of the administration is replaced by organizational networks with their own logic and objectives.

Thus, as G. Timsit stated (Timsit, 1986), the image of an administration split between contrary rationales becomes obvious.

The idea of an action system was subsequently developed by Crozier and Friedberg (Crozier and Friedberg, 1977) through the passing to the collocation organization of the system. The authors define the action system as 'the structured human assembly which coordinates the actions of its participants through relatively stable game mechanisms and which maintains its structure, i.e. the stability of the games and their reports through adjustment mechanisms which are actually other games'.

The issue of the action systems is a generalization in the terms of the open system and beyond the formal organization of the organizational problem. Crozier and Friedberg (Crozier and Friedberg, 1977) assert that organizations place at the end of a continuum of material action systems with a high degree of formalization, structuring of the participants' consciousness and human responsibility openly assumed, and the adjustment method can vary from the unconscious adjustment of the action system to the conscious adjustment of a perfectly rational organization.

M. Massenet (Massenet, 1975) said the present structural system has as main objective , the transformation of the formal traditional structure which is hierarchical, rigid, inefficient and expensive into a complex of agents which are designated in a specific field to optimize the results of the public results.

This reformation of the public sector raises few interesting issues in the economic analysis: What type of economic institutions, competitive devices and hierarchical ones can be considered able to configure an efficient framework of leading the transactions in this sector? (Coase, 1988; Williamson, 1996, 2000, 2002).

And by extending the analysis field, are the failures in the public sector more obvious in the case of some unitary institutional arrangements or some combinations of competitive and administrative mechanisms? From the perspective of these issues, the new institutional economy offers an analytical framework different and complementary at the same time, from the standard economic theory (E. Brousseau & J.-M. Glachant 2002).

Ronald Coase (Ronald Coase, 1937), one of the pioneers of the comparative analysis of the economic institution, defined the fundamental difference between markets and hierarchies and stated that certain decisions of resources allotments were made within hierarchical organizations due to the need for the reduction of the transaction costs.

In *The Nature of the Firm*, Coase recognized that the market is not the only efficient institution for coordinating economic activity. But he recommended

comparing transaction costs on the market with the cost of internalizing transactions within firms in order to evaluate the relative efficiency of these two alternative methods of economic coordination.

Thus, it is no surprise that, Coase rejected the fundamental proposition of the new welfare economics, that nationalizing monopolistic industries and subjecting these nationalized firms to the marginal pricing rule is the basis of all rational public policy.

Notably, Coase suggested that this path solves the problem without having studied it, since it assumes that any public authority has complete and costless access to all information concerning consumers' preferences and available technologies and resources, and does so without causing any variation in the underlying data and behaviors. This assumption seemed completely unrealistic to Coase, to whom the recommendations of welfare economics became blind "blackboard economics."

F. Fukuyama (2004) considers this theory perfectly applicable to the public sector, but only to the economic fields that belong to this sector. For the remaining public activities 'the black box' can be assimilated with 'a black hole' in F. Fukuyama's opinion.

In *The Problem of Social Costs*, Coase (Coase, 1960) re-examined the analysis of economic interactions when the price mechanism is inoperative (i.e. externalities management), and showed that public regulation is not better in principle than private negotiation for dealing with market failure. Naturally, transaction costs exist between private agents in reality (costs which depend on the existing system of property rights and laws, in particular), but there are also costs associated with resorting to public intervention.

Thus, it is necessary to compare the costs associated with these two solutions, public and private, on an equal footing. Moreover, even from a purely theoretical perspective, new welfare economics is false. Assuming that all transaction costs are nil, public intervention is not necessarily preferable to direct private arrangements between economic agents for managing market failure: In the absence of transaction costs, negotiating and implementing private arrangements between agents would be entirely free, by assumption.

Coase's hierarchy system implies an objective unity resulted from the authority relations. On contrary, Alchian & Demsetz (Alchian & Demsetz, 1972) said that there is nothing unique in the authority relations to differentiate them from the voluntary relations between the participants on the market. Williamson established a theory in which alternative economic institutions frame transactions and he himself suggests an application to the deregulation of public sector (Williamson, 1976, 1985).

Williamson's starting point in 1976 is the same as that of Goldberg and Demsetz's: Can the competitive mechanism replace ex post oversight by public regulatory authorities in the whole public sector? Williamson accepts Demsetz's

original premise: The existence of natural monopolies does not inevitably imply that permanent public regulatory agencies are required.

However Williamson associates the need for a public regulatory body with difficulties associated with contracting for the rendered service.

These difficulties, he maintains, are caused by the use of specific assets that bind the two partners, seller and buyer, to each other, while the existence of a degree of complexity in the service makes it impossible for them to negotiate a complete contract *ex ante*. It follows that the incompleteness of any contract drawn up *ex ante*, combined with the disappearance of competitive pressure after the contract has been awarded under franchise bidding, voids any credible guarantee of appropriate performance of the service contract.

In this case, the credible guarantee of performance of the contract is not found upstream of the service contract, in incentives introduced *ex ante*, but rather downstream of the service contract, in its *ex post* governance structure (especially in the decision-making powers given to the public regulatory agency).

This is why Williamson (Williamson, 1985) distinguishes between two types of public sector reform. One type is applicable to industries in which competitive mechanisms introduced *ex ante* are sufficient to frame the transactions because the assets used are not very specific and the threat of competition remains credible *ex post*.

A second type of reform covers industries into which the introduction of competitive mechanisms *ex ante* must be combined with *ex post* intervention by a public regulatory body, for reasons that are symmetrically converse to the former (presence of asset specificity, and thus little *ex post* credibility of the contractual incentives specificity.)

Malone, Yates et.al (Malone, Yates et al, 1989) developing Coase's theory of transaction costs and hierarchy, have speculated that at the same time with the appearance of cheap information technology the transaction costs will decrease, and the hierarchies will concede more and more space to markets or to some more decentralized organizational forms where the participant entities are not in a hierarchical relationship. By creating lower transaction costs, the information technology provided many firms with the theoretical justification to flatten the managerial hierarchies, to use external sources and to 'virtualized' structures (F. Fukuyama, 2004).

In conclusion, the new technologies stress the requests for such structures in the public sector, this passing being unconceivable with the hierarchical and rigid structures which slow down the informational flow whenever it needs to speed up. In the bureaucratic hierarchy, activities take place according to the general rules and norms.

The main objective of the structures and the instruments of managerial control are to ensure the conformity to the established rules and norms. In such a

system, the improvement of the efficiency and effectiveness of the processes implies some legislative modifications.

The creation of some flexible structures adapted to the present dynamic and tumultuous environment imposes acceptance of a higher degree of decision decentralization.

The key feature of a market is that it claims to be a mechanism that secures economic activities and the coordination of the economic activities without any conscious organizing centre that directs it. It is based upon decentralized decision making, involving a competitive process between dispersed economic agents who make their decisions according to the price mechanism and well demarcated contractual arrangements. So, it is an information gathering and dissemination process based upon prices, where no single agent controls things, but which arrives at an ex post optimum outcome that best satisfies social needs and maximizes social welfare. These, at least, are strong claims made for this mechanism (Thomson, 2003).

The establishment of a configuration appropriate to the centralization / decentralization proportion is still a challenge for the public sector. Decentralization is not a real objective and, therefore, a comparative analysis between the advantages and the disadvantages of the centralized activities and those of the decentralized ones is necessary (Androniceanu, 2010).

There are circumstances where the principle of maximum decentralization proves to be especially productive. Experience demonstrates that this is when processes and activities are completely standardized and the decision is decentralized down to 'the lowest operational level'.

The most complex situations are those in which the existence of a vertical connection between the brain in the centre and the body in the territory is vital to avoid the paralysis of the situation through analysis. In this case decentralization is necessary, but it must be based on several reconsiderations of the way it is defined, decentralization is not the process of lowering the decision-making level, but rather the process of responsibility distribution between the different managerial levels of the public administration.

The principle of maximum decentralization is replaced by the principle of strategic visibility: for each major decision, the authority/responsibility must be placed at the lowest level where all variables relevant to the decision-making process are visible (Popescu, L.G., 2005).

The need for continuous connections between brain and body has fundamental structural implications: closely knit inter-functional cooperation for political implementation, configuration of the strategic capacity and development of the powers able to answer the challenges associated to the development process of a public policy.

One of the variables that must be taken into account when an analysis of the proportion centralization/decentralization is done expresses the degree the

government is involved in maintaining the uniformity of the services at a national level.

From the managerial perspective, D. Osborn and Gebbler (Osborn and Gebbler, 1992) developed the concept of ‘reinvention or restarting of governing’ according to which the transformation of the public sector into an innovative form is possible through the adjustment of a series of principles specific to the competitive mechanisms:

- empowerment of citizens by transferring the control from bureaucracy to community;
- promotion of competition between providers of public and private services;
- subordination of rules and regulations to the respective mission;
- evaluation of performance according to successes / failures and not to the used resources;
- main concern for satisfying the needs of the community;
- giving up the re-active behavior for a pro-active approach to prevent potential problems;
- focus on earnings and not expenses, thus following the private model;
- decentralization and encouragement of the participant management.

From the perspective of ‘reinvention of governing’, the association of network structures to the governing systems, following the general model of inter-organizational networks, has become a major reflection theme.

2. Networks as organizational forms

Networks have proved a useful alternative conception in analyzing how a range social activity is organized and governed at a number of levels. They arise spontaneously, so to speak, or by deliberative design, but they are not coordinated solely by the price mechanism according to the dictates of purely competitive and commercial criteria, not solely by consciously designed administrative or management structure.

At first the concept of organization in a network was known to refer to the professional institutions and associations. The existence of personal networks developed inside and outside organizations proves its utility in the provision of information, assertion and progress of carrier, but also in the achievement of other personal objectives.

Most of these types of network are informal. Inside an organization these networks define the so-called informal organization. Even in the case of the strongest bureaucracy, there is a conflict between the formal organization and the informal one. Nevertheless, it is a known fact that organizations could not function without the informal networks.

Moreover, for the executive management the existence of a strong informal network represents an advantage in promoting the strategic decisions, on condition that the network leaders support these decisions. At the company level, business is conducted through networks, providers and customers being part of them.

Traditionally, these relations based on a high level of trust and cooperation, so more on informal relations and less on legal formalities. The intensive competition was the essential factor in determining the company's focus on earnings based on the increase in the number of providers and the competition between them. In this context the relations between different points in the value chain tend to become conflicts, thus a legislative framework being necessary in order to regularize the relations between them.

Despite these challenges, there are enough examples of companies that develop partnership relations with providers and succeed in improving performance along the value chain. Networks operating in these areas are neither organized like a market, nor are they officially sanctioned in the form of a hierarchically regulated structure.

In the last decade of the last century, the network structure was also promoted at the level of governing systems as an opportunity to involve 'the voice of collectivity' but also other entities participants in the process of elaboration of the compartmental public policies, as F. Fukuyama stated (Fukuyama, 2004).

The network structure was defined by R.E. Milles and C.C. Snow as 'a bunch' of organizations, specialized or individual entities coordinated by market mechanisms rather than by those of a command chain.

In H. Brahami's opinion the network structure represents 'a federation or constellation of business entities which are usually interdependent connected by know-how and with individual relations with the centre'. The author considers the role of the centre the one of a conductor whose strategic vision ensures both the common administrative and organizational 'infrastructure' and the unity of the mission and the objective. Each entity can be considered the centre of its own network.

The model of the network structure is completely different from the one of the bureaucratic-democratic organization in which the power source is unique, the principles of the hierarchy of functions and different authority levels imply a methodical system of domination and subordination and in which there is a strict supervision from the superiors (Androniceanu, 2008).

Thus, to assume the objectives of the society, the bureaucratic structure must divide into distinct units between which there are 'connections of mutual and continuous dependence which allow the appearance of an alternative to the bureaucratic vertical and feudalization' (M. Massenet, 1975).

3. Governing systems structured in a network

The transformation of the traditional hierarchy into a network structure leads to the creation of some common places to express the problems and look for solutions and where a variety of ideas can be expressed. In these 'real battle fields' a sufficient number of actors are involved, each one representing different objectives, visions and interests. The degree of attendance and action methods of every actor participant in the network is different.

Thus, compared to the unitary organizations or the classical hierarchies, these structures are characterized by flexibility.

A more elaborated and largely accepted definition of the concept is the one expressed by Hufen and Ringeling (1990). They consider the network-structured systems as being social systems where characters develop interaction and communication models that present a certain continuance and are oriented towards political issues and programmes. Briefly, these systems represent real 'governing structures'. The development of an efficient system of communication between the groups that compose the network leads to a potential gain for the governing act, materialized not necessarily in 'to do more', but rather in the ability to master the challenges of a complex and dynamic environment.

The informational flow between the elements of the network is vital for the effectiveness of the strategic directions, and the informational systems are considered the main assets of the network. The electronic communication and reduction of the costs for the remote communication make possible the quick dialogue within the network, in every direction and the facility of sending messages from every location to all members of the network. Thus, the premises of the interaction between all the actors of the network are created. This opportunity comes closer to reality due to the entities of the network that manifest firmly towards autonomy.

Gradually, even though once the network centre held supremacy, it can no longer totally control the entities of the network. In these circumstances governance has a larger meaning being all the network actors' political effort to cooperate, unlike the traditional model in which governance is considered the main character. This fact points out the debate on the position of the central administration and the other actors of the network.

Similar to organizations, the political systems in network can be seen as mixed structures of vertical and horizontal interdependence. The expansion of the role of other actors participants in the network does not imply the reduction of the role of the administration, but the development of some supplementary decision-making forms as a reply to the increase in complexity and interdependence. In this context, the meaning of the concept of political decision receives extremely complex dimensions.

The decision-making process follows a model of communication, accession, coordination, negotiation, compromise, exchange, delegation and leaves the decision-making to the groups involved. As a result, these governmental processes are more vague, abstract and complicated; and somehow less efficient than in the case of the traditional hierarchical governance.

In conclusion, as Melisseu emphasized, governance must be interpreted as a system of processes within which the government plays an important but variable part next to many other actors (Melisseu, 1993).

The most modern approaches conceptualize the expression and implementation of the policies as interactive processes with many characters, whose development and finality can be understood only through those characters' information and power. The systemic approach of the concept of departmental public policy is appropriate with the mentioning that there are a few additional observations.

A first observation from the perspective of the network system would be the one that the characters interact not only during the examined process, but also before and after the finalizing of the departmental public policy.

A second observation refers to the fact that the characters interact not only in the examined process, but in other fields, as well. The acknowledgement of the fact that the examined process is not the only stage where the interaction between the characters develops, even only for the period of the study; facilitates the understanding of the connections between the activities and interactions that take place in the examined process and are induced to other interdependence processes by experience.

A third observation is that from the perspective of the network structured system, the characters involved in the process under examination are also influenced by secondary characters that do not play a direct role in the studied interaction, but are connected to the network. One can conclude that some organizations in a network political system will always play a secondary part which is not void of importance, being the source of indirect influences on the other entities in the network.

An advantage of the network system is that it can be used to direct attention towards a larger interdependent structure. Instead of assuming that influences manifest through direct and visible interactions (such as personal relationships, relations between the representatives of the institutional interests), the approach through the network structure facilitates the examination of the way an enlarged structure has effects on the individual characters' behavior, the contents of the decisions and the efforts to implement the departmental public policies.

Altogether, these observations explain why the development and the result of a departmental policy differ from the predicted process as result of the interactions between the characters. The characteristics of the network structure of the governing systems are the ones talked about in the following line.

Multi-form is the basic characteristic of the network structure, being the expression of involvement of a rather large number of characters, each of them having their own purposes, visions and interests. It is important to remember that these characters' participation differs in uniformity, varying at the changes of environment according to each one's receptivity level.

The consequence of this characteristic is that the actors' sensitivity levels regarding the normative signs can differ very much. Each of the actors will react to the best at a certain 'signal'. The network structure of the administrative systems includes both people and institutions. Some actors are involved individually, but others are representatives of other systems and professional groups. Thus, the multi-form character of the system is partially determined by the fact that the participant actors differ as type, level of conglomeration and representative base.

Moreover, this characteristic is also given by the more or less distinct configuration of purposes, visions, interests and resources, which is specific to each character of the network. *Isolation* is the second characteristic of the network structure. The actors in a network have a certain autonomy which leads to a relative isolation from the environment they act in.

Each actor has his own reference system and reacts only to signals that are in resonance with this system. In other words, the participants in the network are prevalently interested in their own interests, but also in those of the participants whose reference systems are compatible with theirs. In these circumstances, an actor in the network will give up isolation and cooperate only if it considers that the political instruments used match its reference system. In case norms at the basis of the legislative and regulation instruments are not seen as accordingly to its own norms, their usage will prove to be inefficient and ineffective.

The third characteristic is the *interdependence* between the elements of any network. This is expressed through several variables: financial, competence, political support, space, etc. It is understood that it refers to the reasons for which a lot of characters take part in the elaboration of policies.

Generally, the configuration of the network structure is decided according to the principle that every participant enriches the capacity of the political process with resources, know-how, activities and that without this attendance the political process would be less functional as regarding its legitimacy, efficiency and effectiveness. Interdependence must be seen as a result of the composition of two vectors. The first vector is represented by the actors of the network that control the resources and the instruments of the power, relevant to the achievement of the goals.

The second vector is defined by the positive or negative effects on the actors of the network, in case one of them succeeds in achieving its goals. This means that, to achieve their own goals, the participants in the network must cooperate and negotiate. Thus, interdependence refers to the relations between

different groups of interests, and so they are oriented towards the development and control of the power relations. (Crozier and Friedberg, 1977).

4. The network structures and the multi-level governance

Compared to the traditional governance forms, the participation of several interdependent characters generates especially complex models due to the nature of the existing relations and interactions.

The functions of the governance network differ from those of other types of network. In the networks created by companies, the dominant functions are the transactional and co operational ones. The processes of elaboration of the network policies support the processes of exchange and cooperation at the operational level. In these cases, the emphasis on the horizontal interdependence is stronger than in the administrative vision. As opposed to the previously presented situation, the political networks are oriented towards coordination and regulation.

By coordination we mean that elements in the system are somehow brought into an alignment, considered and made to act together, and by governance we mean the regulation of these elements: the effectiveness of their reproduction, of their alignment and coordination. (G. Thomson, 2003).

But it must be noticed that not all the actors in the governance network have the same orientations. Most of the time problems are neither uniform, nor well defined; and the participants' points of view referring to the optimal solution can be in a conflict. Even when the coordination and the regulation functions are in the foreground negotiation is necessary.

Generally, it can be stated that there are enough convergent interests to make possible the achievement of a network synergy or of a situation of the type 'gain-gain'. This means that there can always be tensions between the functions of the system as a whole and the functions it has for each actor participant in the network.

As long as the governmental roles are associated with some collective goals, the relation between the vertical and the horizontal interdependence will be an important tension zone.

In conclusion, as the basic functions of all types of network refer to dependence and interdependence, an important function of theirs is the power regulation or control (Crozier and Friedberg, 1977).

Networks are systems built to coordinate contributions, regulate behavior and distribute costs and benefits. They are also structures used by entities in the network to maintain the mutual control on the actions and on the decision-making processes within the network.

This difference in functions assumes that in the political systems structured in this way, governance is associated to the coordination, regulation, distribution and control processes.

In the governing processes cooperation and conflict are almost simultaneous. Thus, the concept of governance, as it is associated to the network

political systems, is much more complex than in the case of the traditional bureaucratic model. Coordination and regulation are still relevant, but they are completed with functions that regard the distribution of costs and benefits, and the regulation of the power processes. Essentially, it means that the democratic political system gives part of its political functions to other institutions in the society.

Recently, the concept of networks of public policies is more and more closely linked to the political governance. This is the concept of multi-level governance which refers to the particular issue of the coordination of the activities on different governing levels. So it involves the relations between the local, regional, national and European authorities. In the absence of a hegemonic imposing mechanism, this implies abilities to negotiate between different parts situated on different levels, similarly to the model of the public policies networks.

These types of administrative arrangements are visible in certain aspects of the decision-making systems at different levels, thus resulting:

a) *The horizontal coordination of policies* at the local, regional, national and European level. It is achieved through bilateral and multi-lateral negotiations about issues such as pollution, economic integration. The main feature of the relations built through the horizontal coordination of policies is determined by the fact that it operates in the social environment and outside the direct control of the states.

The contemporary society proves a special permeability in front of the forces from the local, national and transnational levels: flows of goods, ideas, knowledge, people, capitals, services, values, movements and even social problems cross easily the national territorial borders.

In the present situation the need for this type of institutions created on the horizontal and which pass the borders of the nation state in their activities, occurs prevalently in the following fields:

- environment. The major threat to the environment is not the local pollution, but the alteration of the environment on which the life on Earth depends (atmosphere, rainforests, oceans, water sources). This type of challenge can not be overcome within the borders of the nation state because pollution does not know any boundaries.

- eradication of terrorism. For the last decades the actions to eliminate terrorism have become more and more important. This is very dangerous because very small groups can keep under threat the entire democratic world. Consequently, great common efforts must be made at the global level to face these violent threats.

- weapon control. Closely related to the eradication of the terrorism, there is the necessity of the transnational weapon control.

- human rights. The American president Jimmy Carter advocated the creation of a transnational agency to protect human rights. The efficiency of such a

transnational organization is questionable because methods this agency can use to stop the human rights violations in the non-democratic regimes.

b) *The vertical coordination of policies* which requires the same behavioral pattern, but now with reference to the organization of relations between these administrative levels. In Henry Bull's opinion (1977) the responsibility for the increase in the interaction degree that has been noticed in the European political systems, large enough to be talked about, belongs to the expansion of system of the European states and their transformation into a unique European construction.

The key concept of the multi-level governance is the relocation of authority between different levels, either from the perspective of subsidiary or of decentralization. Both tracks imply the reconfiguration of the existing jurisdictions and the creation of some new ones according to the capacity of the authorities.

This relocation of the decision-making jurisdictions can lead to a new hierarchy rather than to a mutual dependence, asymmetric dependence or relative independence, which may be the most representative characteristic of the network structure. In case of a new hierarchy, a recentralization that will diminish the dynamic of the policy networks pursues the real achievement of results.

So the power shared by multiple jurisdictions is much more efficient in making the decisions regarding public policies because it reflects the heterogeneity of preference of different elements at different levels.

The monopoly on a decision held by a central actor (the state) proves the vulnerability of those competitive interests and of the elements, as well. Hooghe and Marks identify two types of multi-level governance: (Hooghe and Marks, 2001):

a) The spread of authority to a certain level. It is the option of the semi-federal system or the type of intergovernmental relations which include networks created by the existing direct connections between the departments of different national governments and which are not under a complete central control.

b) The multi-centric option which covers geographical territories and functional fields.

The idea at the basis of this option is on the one hand the flexibility and spontaneous reply to the changes in the citizens' expectations and preferences but on the other, receptivity to the functional exigency. The second type is able to answer better to these requests, the first one being interpreted as a formal operator.

Conclusions

If one abandons the notion that government steers from an isolated position above society that government steers in a mono-centric and mono-rational way with a singular, clear objective, then notions on polycentrism and multiform in government arise, as well as thoughts on multiple and different rationales of government actions.

The emergence of a research approach in which governance in complex inter-organizational policy networks in the public sector has a central position is one of the scientific results of the debate on the limits of governance for the administrative and policy sciences.

The starting point of the network approach in administrative science was the recognition that the classic form of management, central, top-down steering in a hierarchical organization, does not work in a network of more or less independent actors. Top-down steering in a network without a top is meaningless, and central steering and coordination do not work in a network of more or less autonomous actors with different goals, interests and positions. That policy processes in the public sector indeed exhibit network characteristics has been concluded in numerous analyses and studies subsequent to the 1978 study. Whether it concerns intergovernmental, inter-organizational or implementation networks, the descriptive validity of network approach appeared high but the question of the possibilities of network governance remain. How can such a network of more or less independent actors be governed: in way can such self-steering complexity be more or less influenced in some intended direction? (Kikert, W.J.M., 1977)

Three aspects in the governance of complex public sector networks are especially important.

The first aspect is *the context*, defined as the environment. Second is *the complexity*, defined as the number and variety of the system elements and the relations between the system elements.

The third aspect is *governance*, defined as directed influencing. (G. Thomson, 2003) Public management can not be isolated from political and societal context, neither generally- the context of political democracy and legal state, nor specifically- the context of the specific policy sectors with diversity of political, social, public, and private actors. Management and organization in the public sector cannot be isolated from this context. Public management is the governance in complex policy networks in a specific societal sector.

In a network of many separate actors, with different and often conflicting goals and interests and with diverging power positions, no single dominant actor exists. Such complexity means negotiation and implies a different form of governance than mono-centric, mono-rational, hierarchical top-down control by an omnipotent government. On the other hand, public governance in complex network differs from the polar opposite of hierarchy, total autonomy of actors. Networks are characterized by the many dependencies and relationships between actors.

The distinction between a multi-actor network and completely autonomous actors is not without meaning. It means that actors not entirely independent, and it also means that although actors are not hierarchically sub-or super-ordinate, they are not completely equivalent. Government will always take a different position than other societal public and private actors in a policy network.

Government can not dominate and unilaterally dictate but nevertheless, it is not entirely equivalent to all other actors. This is not a normative statement but an empirical observation than the role of government in policy networks is special and unlike the roles of many other actors. This does not imply a return to top-down control. It does imply that full horizontality and total autonomy of actors is an unrealistic model of a public policy network.

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