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Governance



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Governance is an umbrella term which covers all forms of coordinating the collective and interdependent actions of stakeholders and organisations. The concept of governance draws attention to two aspects: collective action to fulfil public tasks is nowadays embedded in complex structures and takes place by combining different steering modes. Spaces and regions are social constructs in the sense that they must first be constituted by the social actions of stakeholders.

1 Concept and development

Federal state and regional planners realise on a daily basis that their planning theory and practice involve much more than the regulatory designation of land use within their official remit or the implementation of the ▷ *Central-place* theory in accordance with balancing policy. The regiopolis strategy, for instance, which found its way into the draft for ‘Concepts and Strategies for Spatial Development in Germany 2013’ (Conference of Ministers for Spatial Planning [MKRO] 2013; ▷ *Guiding principles for spatial development*), also makes ▷ *Regional planning* a regional development, innovation, technology and economic policy. It aims to help urban regions which successfully galvanise their potential as economic, innovation and technology centres, but which are geographically removed from metropolitan regions, to make a name for themselves at a national and international level. One of the explicit requirements is to promote regional growth and innovation processes as processes of the self-organisation of regional stakeholders.

As both a regulatory policy and a balancing policy, federal state and regional planning has always been at the interface of various policy areas which must be viewed as interdependent in the sense that they are dependent on each other in planning practice and can mutually support each other, but can also impair each other. The significance of this interface function has steadily increased in past decades – not least in connection with the development of a European regional policy since the mid 1970s (▷ *European regional policy*), which has increasingly made the funding of projects by the European Commission dependent upon their incorporation in regional development strategies and the participation of stakeholders from civil society. From the 1980s, federal state governments and local authorities in the former mining regions in West Germany gradually realised that it was no longer possible to manage the consequences of profound sectoral and regional structural change with the traditional stakeholders, processes and instruments of regional regulatory and balancing policy. A policy *in* the region for the purpose of regional development policy with new stakeholders and new steering and coordination mechanisms for the social actions of the those involved was added to a policy *for* the region for the purpose of federal state and regional planning according to regulatory and balancing policy. Experience has shown that planning activities are better if they are based on cooperation in networks (▷ *Networks, social and organisational*) than on the formal regulatory powers of organisations under public law. From this broader perspective, state regulation and enforcement are deemed to be suitable at most if negative measures need to be prevented, but they are considered detrimental if activities are to be mobilised and coordinated with each other. It is now also widely recognised that the participation of private stakeholders and strategically important projects are essential for steering spatial development.

The concept of governance deals with these real changes that we have outlined by way of example for federal state and regional planning and spatial development policy. It should be understood and used as an umbrella term for all of the forms and mechanisms that can be used to coordinate the collective and interdependent actions of stakeholders and organisations (cf. Benz/Dose 2010b; Kilper 2010b). Governance represents both a new understanding and a modified practice of social action in societies, which, with all the diverse logic of their subsystems, constantly have to find their place between the conflicting priorities of the state, economy and civil society as well as between nationhood, Europeanisation and internationalisation. In political science discourse, governance is considered to express a changing form of government in democratic

societies from the sovereign, hierarchical state to the cooperative state (▷ *Cooperative planning*). The concept of governance is intended to make allowance for the fact that in many areas of policy, the boundaries of the state with regard to both society and the international environment have long since dissolved. In the discourse of economics, governance refers to the realisation that the functional mechanisms of markets can only be roughly understood in light of a systematic study as to which non-market forms of coordination they are simultaneously influenced by.

The concept of governance does not imply a new scientific paradigm, a new theory or a special approach to research. Rather, the use of the concept of governance in the social sciences and in particular in political science is linked with a 'specific point of view' (Benz/Dose 2010b: 26). Hierarchies, markets and networks are no longer analysed as forms of coordination in isolation from each other, as was the case in the past. This means that the concept of governance does not describe completely new phenomena, but rather changes in reality or the perception of reality.

The concept of governance stems from academic studies in various contexts. It was first used in institutional economics to describe institutional regulations in markets and companies that served to reduce transaction costs. The term has since become common in the social sciences and is used in various contexts, albeit again with different meanings (cf. Pierre/Peters 2000). In ▷ *Regional economics* and in comparative research on national economic systems, it refers to complex institutional configurations of the market, state and networks, which come about as a result of specific models of political regulations of markets or from the cooperation of public and private stakeholders in regional or sectoral production structures (cf. Lütz 2010). In organisational research and business management, the concept refers to the steering and management structure of companies or associations. Sociology defines governance as forms of regulation and modes of creating social order beyond the market and state (cf. Mayntz 2009: 7 et seq.). There are various interpretations of the term in political science; it means either a form of governing beyond the national state, political steering in complex institutional arrangements or a certain form of governing and ruling in non-hierarchical network-like structures (cf. Benz/Dose 2010a).

Nonetheless, governance can be used as a guiding concept in research to support interdisciplinary studies. This is because all concepts of governance in the aforementioned disciplines draw attention to the basic institutional principles (i.e. the regulatory systems in effect) of organisations and other ordering structures (the market, state, third sector), and most emphasise the relationships between decisionmakers and those affected, between state and social stakeholders, between governments/administrations and the economy, associations and civil society.

It is crucial, however, that governance is not viewed as an organisational or reforming model and reduced to a purely normative concept (in the sense of 'good governance') or even equated with the 'New Public Management' or lean administration, as is sometimes the case in the literature (cf. Rhodes 1997: 47). Instead, it is an analytical concept, which draws attention to steering and coordination in complex structures as well as to interactions between individuals and organisations, without ignoring either the effect of the institutional context and its changes or the aspects of power and legitimation.

2 Regional governance

Many attributive terms of governance with an explicit spatial reference are used in political and spatial planning science. Forms of governance are studied in the context of spatial benchmark levels as local governance, regional governance or global governance; in the institutional context of national or European/supranational policy; and from the point of view of settlement structure as urban governance or metropolitan governance (cf. Benz/Dose 2010a; Benz/Lütz/Schimank et al. 2007). Special attention is given to forms of governance relating to the ▷ *Region* as an action level in both political and spatial planning science.

Regional governance can be more closely defined by the following features (cf. Fürst 2003):

- Regional governance means steering and self-steering in the region. According to this concept, regional policy no longer exclusively takes the form of regulation and financial funding by the state, but rather of the cooperation of stakeholders in the regional space of action. ‘Stakeholders/organisations should be connected with each other and their actions coordinated in such a way that shared or even jointly developed objectives can be effectively pursued’ (Fürst 2003: 252). Self-steering does not imply that the region is autonomous from the influence of the state or the local authorities, but rather that all of the activities of strategic importance to regional development policy are coordinated in the context of the region.
- The aim of regional governance is an integrated policy through the strategic coordination (▷ *Strategic planning*) of interdependent processes (interdependency management). It is about coordinating the plans and measures of various organisations and stakeholders. Coordination is geared towards regional development strategies and joint projects (usually major key projects).
- Regional governance requires a functional distinction to be made in the organisation of regional duties. It exists in interorganisational relations between levels, from the supranational/European to municipal, and between the public and private sector. Institutions, regulations and cooperation methods must be geared towards the internal workings of the levels and organisations concerned. Governance always means a steering structure which combines several organised contexts of action.
- Governance characterises a combination of different steering modes, which generally seek to avoid regulation and enforcement. Regional development policy is essentially based on the coordination of actions by way of cooperation between stakeholders/organisations that represent competing interests. There are marked conflicts between, for example, local authorities and sub-regions (▷ *Relations between cities and surrounding regions*), between companies from different economic sectors or between representatives of economic and environmental interests. These conflicts can be dissipated by financial incentives or financial or burden sharing systems. Incentives can also encourage competition to stimulate innovative processes. Negotiation, incentive and competition mechanisms are often rooted in institutional structures, which enable majority decisions by assembling elected representatives or a monocratic decision by a steering body in the event of conflict. Regulation by binding plans plays less of a role, but is used as a support mechanism in negotiations. This shadow of hierarchy is an essential prerequisite for an effective regional policy. Regional governance

is thus usually characterised by a combination of regulation, incentives, competition and negotiations; its actual form can be defined according to the type of combination.

- Structures of governance include informal and formal elements. Networks, i.e. trust-based communication relationships between the central stakeholders of the region (▷ *Networks, social and organisational*), are essential. The longevity and coordination of activities can also be safeguarded through institutional structures. Regional governance therefore involves embedding networks in an institutional framework that can take various forms and which includes both the internal institutionalisation of decision-making structures in the region as well as the external institutionalisation of relations between the region and other action levels.

3 Governance and the social construction of spaces

The above points have shown that the concept of governance can be used to analytically grasp and distil the changed reality of collective and interdependent action by stakeholders and organisations, and how it can do so. The concept of governance draws our attention to the fact that in today's reality, collective action to fulfil public tasks is rooted in complex structures because stakeholders and organisations with different institutional principles and structures of organisation are usually involved and because collective action takes place by combining various steering modes.

With its attributive terms, which make explicit reference to space, the concept of governance also highlights something else, namely that space is a social construct. It is not just that forms of governance often exhibit a spatial characteristic, but that spaces are produced in the first place by governance as forms for coordinating social action (▷ *Space*). This abstract notion, which has largely appeared in spatial theory discourses, and in particular those of spatial sociology, rather than in spatial planning practice and essentially holds that space is to be understood as the result and consequence of human action from a social sciences point of view, becomes more concrete in connection with the concept of governance. We would like to illustrate this using the example of the region as a spatial construct, which has become established as an important context of action for policy and administration since the 1980s, from the European Commission right down to the local authorities.

In the federal system of the Federal Republic of Germany, regions are spatial entities which lie between a federal state and its municipalities. We intentionally refer to spatial entities because – unlike territorial authorities such as those of municipalities, districts, government regions, associations of cities and surrounding regions or planning associations – regions in this sense are not firmly institutionalised with clear and stable politically defined boundaries (▷ *Region*). As with the concept of governance, explanations for this can also be found in changes to the social reality – and in very different areas at that.

For example, thanks to their high degree of ▷ *Mobility*, for most people the relationship between living, working and free time takes place in spaces that transcend the boundaries of towns and municipalities. In spite of this mobility in most people's everyday life and despite global communication, social relations remain bound to regions and places because this is

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how people connect to their home and because they are fundamentally important to one's own personal identity (▷ *Identity, spatial*). Economic stakeholders create a space through their actions by establishing relationships with other stakeholders which enables coordinated cooperation to achieve their entrepreneurial objectives. On the one hand they act in global exchange relationships which, in the case of value added chains, can be spatially fragmented networks, and, on the other, at locally or regionally concentrated business locations (▷ *Globalisation*). Thus, the public tasks of ▷ *Provision of public services* and the management of spatial developments go beyond the remit of municipal territorial authorities, but cannot be undertaken at a national level given the diversity of regional conditions. This is true of local authorities of all different sizes, regardless of whether they are facing the subsequent problems of growth, stagnation or shrinking communities or are located in more rural or urbanised regions or even in very dense, metropolitan spaces. Furthermore, a new guiding principle of spatial development has virtually prevailed from above in the context of the internationalisation of economic relations and the Europeanisation of politics, whereby the region has become much more significant as a new action level. The region is now a point of orientation for spatial development, which has proven to be innovative and thus successful in international competition between locations thanks to its internal coherence as well as its incorporation in international relations. It is argued that in the international competition between locations *all* regions are challenged to identify their specific regional gifts and competences and to galvanise their endogenous potential to ensure their long-term existence. This has been declared an ongoing political mission for all sub-regions in the national territory (▷ *European regional policy*).

The following can be stated: every spatial entity is constituted by the social actions of stakeholders, be it the identity-based and cultural spaces of individuals or communities, the global relational spaces of economic stakeholders or the regional action spaces of stakeholders from politics, the economy and civil society, who have agreed to jointly undertake political organisational tasks to develop their region (cf. Kilper 2010a). A space will have a very different spatial range depending on the function it has to perform for the action of stakeholders.

As these spatial entities have no clear boundaries and no firm institutionalisation with clear rules for the division of competences and the decision-making processes of those involved, their properties must be viewed as ambivalent: they have a high level of flexibility and dynamism if stakeholder cooperation is successful, however they tend to be unstable if the cooperation stalls, or even fails and is called off.

This analytical perspective of the interaction between forms of governance and space as a social construct sharpens our perception that the regional space of action as a social construct in particular always exists in political reality in many different ways. The region as a social construct is a new action level in the political system. A new dimension has been added to the polity of the federation, the federal states and local authorities, without the region having to be firmly institutionalised.

4 Practical significance

As already noted, the theory and practice of federal state and regional planners nowadays involves much more than exercising responsibilities pertaining to regulatory and balancing policy for the purpose of a policy *for* the region; it also involves exercising responsibilities pertaining to development policy for the purpose of a policy *in* the region. This has brought a new quality to the function of the interface between federal state and regional planning. The concept of governance reflects this changed reality. As an umbrella term for all of the forms and mechanisms used to coordinate the collective and interdependent actions of stakeholders and organisations, it does not supersede the past forms of hierarchical steering by public stakeholders, but rather complements them through cooperative forms between public and private stakeholders as well as through forms of market-based coordination.

For public stakeholders in spatial planning and regional policy, the concept of governance illustrates, on the one hand, that the success of a spatial planning and regional policy does not depend on appropriate organisations and instruments on the part of the responsible public bodies and regulations on the distribution of funds, fiscal equalisations or other compensatory mechanisms alone, but also on the way in which stakeholders cooperate in spatial development policy. The establishment of negotiation systems with companies and associations is just as vital from the point of view of governance as the existence and power of functioning decision-making committees. Competitions can be used to galvanise cooperation and improve solutions, be it in the awarding of contracts for regional projects, in the allocation of resources to local authorities/sub-regions or in the form of ideas competitions. Another practical feature is that the institutional structure of a region is considered to be an arrangement of functionally diverse organisations with one steering authority as opposed to one organisation (association, territorial authority).

On the other hand, (regional) governance indicates the central relevance of cooperation. However, cooperation is not a matter of course; certain conditions are needed to give rise to it and it needs to be initiated, motivated and managed. Consequently, when creating organisational forms and codes of practice, it is important to ensure that they promote and do not stymie cooperation. Cooperative relationships must also be stabilised in networks. This, in turn, requires network management (▷ *Regional management*), which counters the rigidity of elitist networks limited to certain sectors (professional brotherhoods).

Furthermore, the concept of governance and its attributive terms, which make explicit reference to space, highlights that space is a social construct in the sense that it is constituted by social action. For stakeholders and organisations in federal state and regional planning, this is first and foremost of practical relevance when it comes to executing their duties around development policy in several respects: (1) They have to move away from the notion that regional policy is implemented and realised in territories that have clearly defined, statutory boundaries like a municipality, district or a planning region. (2) What they are dealing with is regional action spaces, which are constituted in the intensification of relationships between public and private stakeholders on the sub-national level, because social problems and public tasks can no longer be managed by state and/or municipal stakeholders alone. (3) Regional action spaces in this sense are temporary spaces, whose boundaries are defined by the spatial range of the problematic issue and which are formed to handle projects. In international building exhibitions

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or interregional competitions such as the 'Regionales' [*Regional*] in North Rhine-Westphalia or the federal programme 'Regionen aktiv – Land gestaltet Zukunft' [*Active regions – Rural areas shape the future*], this time limitation is even a deliberate principle to help initiate targeted regional development processes.

The concept of governance provides interesting perspectives for practitioners of spatial planning and regional policy. It offers a valuable contribution to reflecting on the practice, as the stakeholders involved usually only become aware of the functional logic of their practice through the use of analytical categories. It enables a critical analysis of this practice with the aim of improving it. At the same time it points to the potentials of spatial development policy in spite of the limited competences of the state and administration.

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