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**NETWORKS
GOVERNANCE,
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COALITIONS FEDERATION**

**Christophe Assens and
Aline Courie Lemeur**





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Networks Governance, Partnership Management and Coalitions Federation



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NETWORKS GOVERNANCE, PARTNERSHIP MANAGEMENT AND COALITIONS
FEDERATION

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Overview



By definition, a network is a collaborative structure that includes several autonomous partners on the financial, legal and/or managerial levels which are mutually dependent to achieve common goals. The network is nourished by external exchange which pushes to expand constantly its sphere of influence. But the more the network expands, the more difficult it becomes to govern, due to the increasing number of interacting actors. Thus, the major issues we raise in this book focus on the governance of the network, on decision making and the repartition of tasks, when the network organization moves toward a federation of networks. In the network, the governance mechanisms are based on trust and confidence which go beyond simple economic logic. With the extension of the network boundaries which brings a clustering effect of businesses and stakeholders and the emergence of coalitions of all kinds, the trust will gradually dilute, and thus will lose its unifying role. The organization then evolves into the form of a “Network of networks”, similar to a “collective of collectives”, where the challenge is to bring together coalitions. The governance framework then adopts a political and socio-economic vision constrained by the phenomena of interest collusions between the mediating heads of networks.

In Chapter 1, we present theories about network governance, in order to introduce the governance issues raised by the modification of frontiers within a network, leading to the appearance of a “Network of networks”.

In Chapter 2, we focus on the typology of companies’ networks established by Provan and Kenis (2007)

(administered networks, steered networks and distributed networks), in order to analyze the evolution of their boundaries, with reference to Freeman's (1984) stakeholder theory.

In Chapter 3, we consider governance issues when network growth results in a "Network of networks". Through the three types of networks – distributed, administered and steered – we notice that the globalization of the transactions and the social media role push the traditional network boundaries to evolve through integrating other networks. In consequence, we witness an extension of the network organization frontier toward a form of "Network of networks", where networks are federated together.

In Chapter 4, we examine two case studies that enlighten us on the issue of governance of a "Network of networks", when the solidarity links are no longer federated to the unique network level, but to a multitude of networks connected to one another. This leads us to approach the political dimension of governance, in addition to the socio-economic dimensions. We present a case study on a subnational "Network of networks", the European Union, and a case study on a national regional "Network of networks", the FREGIF (federation of health care networks for elder persons in Ile-de-France region).

List of Abbreviations

ARS	<i>Agence Régionale de Sante</i> , fr., equivalent to “regional agency for health care”
ASEAN	Association of Southeast Asian Nations
CAP	Common Agricultural Policy
CCI	Chamber of Trading and Industry, fr.
CLIC	<i>Centres locaux d’information et de coordination gérontologique</i> , fr., roughly equivalent to “coordination health care center for elder persons”
EADS	European Aeronautic Defence and Space, now known as Airbus Group
EIG	Economic Interest Group
EU	European Union
FREGIF	<i>Federation des Réseaux de Santé Gérontologique d’Ile-de-France</i> , fr., “federation of health care networks for elder persons in Ile-de-France region”
GDP	Gross Domestic Product
HAD	<i>Hospitalisation à domicile</i> , fr., roughly equivalent to “home hospitalization”
ILO	International Labour Organization
InVivo	European Cooperative Network of Purchase, Sales and Services in the Agricultural World
ITER	International Thermonuclear Experimental Reactor
MACIF	<i>Mutuelle d’Assurance des Commerçants et Industriels de France</i> , fr., roughly equivalent to “insurance of traders and industrialists”

MAIA	<i>Maisons pour l'autonomie et l'intégration des malades d'Alzheimer</i> , fr., equivalent to “homes for Alzheimer patients”
NAFTA	North American Free Trade Agreement
NGO	Non-Governmental Organization
NICT	New Information and Communication Technologies
PIG	Public Interest Group
SA	<i>Societe Anonyme</i> , fr., roughly equivalent to public limited company
SAAD	<i>Service d'aide à domicile</i> , fr., roughly equivalent to “home services for patients”
SARL	<i>Société Anonyme a Responsabilité Limitée</i> , fr., equivalent to limited liability company
SME	Small- and Medium-Sized Enterprises
SSE	Social and Solidarity Economy
SSIAD	<i>Service de soins infirmiers à domicile</i> , fr., roughly equivalent to “home nursing services”
UNDP	United Nations Program on Development

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Introduction

Abstract: *The network aims to value vertical or horizontal complementarities between several independent firms, on the principle that “Unity is Strength”. In this book, we will examine the extension process of network frontiers in order to better control the uncertain environment, through progressively integrating the primary stakeholders, then secondary as defined by Freeman (2008). All along this process, the network will be transformed into a “network of networks”, integrating new governance issues. Those issues will encourage us to approach the political dimension of governance, in addition to the socio-economic dimensions. It will be a question of examining the administration way of power coalition’s in a “network of networks”, when the solidarity links are no longer federated to the unique network level but to a multitude of networks connected to one another.*

Keywords: network; network of networks; governance

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Nowadays, the term “business network” means a collaborative organization formed of multiple independent partners on the financial, legal or managerial level. The network includes the partners along a value chain, as well as the competitors engaged in a strategy of coopetition – of collaboration in the competition (Assens, 2011). From this perspective, the network aims to value vertical or horizontal complementarities between several independent firms, on the principle “Unity is Strength.” This unity strategy isn’t recent, according to Ferrary and Pesqueux (2004). The network was generalized in the economy of the barter, when confidence between business traders was the point of reference in non-monetary transactions. In the light of the digital revolution, the network is again at the center of academic reflection, with the development of interactive communication platforms. In general, the network remains unchanged in its contemporary or older shape. It is a structure fostering collaboration through confidence, the flow of information, complementarity of skills and the pressure to social conformity between peers. According to Jossierand (2001) the network structure is therefore considered as an intermediate structure of value creation between the hierarchy and the market, capable of reducing opportunistic behaviors by mechanisms of social protection.

So network strategy is justified for a firm when it consists in obtaining the faithful and sustainable support of an important part of its environment vis-à-vis the stakeholders (intermediate, financial circles, suppliers, competitors, private businesses, public administrations, research laboratories, etc.) in a way that controls an uncertain environment by reducing the risks of dependence on external resources (Marcon and Moinet, 2000; Jarillo, 1988; Grandori and Soda, 1995). Network strategy is a way of integrating into the organization of the firm all the activities necessary for a form of self-sufficiency, without reverting to banking debts or external growth by mergers or acquisitions (Gulati, Nohria and Zaheer, 2000). From this perspective, it’s a strategy particularly adapted to SMEs (small- and medium-sized enterprises) concerned with gaining critical size through the collaboration, without financial investment. It is also a strategy adapted for large groups seeking to keep flexibility through collaboration with more competitive partners on some pillars in the value chain.

As a system open to its environment, the network is composed of multiple entities in interaction. Its members are nourished through exchanges with the outside environment which guides the network to

expand its sphere of influence, by continuously increasing its proper limits. But the more the network expands, the more it becomes unstable, and the more the social order can be put into question, because of the increasing number of interactions and the increasing difficulties of coordination between entities. In fact, the principle of social cohesion doesn't resist to a fast network growth in size, but susceptible to question the complicity and the moral contract between the members.

To expand the network diameter, it is therefore preferable in certain cases to split the network into homogeneous subgroups, in which will be easier to perpetuate the members' feeling of belonging. We can then, in certain situations, split the network organization into a multitude of coalitions or clans, with new governance issues which consist in coordinating and federating not only a unique and inseparable community but multiple communities linked to one another. On the other hand certain networks seek a policy of aggregation through regrouping in a federation of networks, such as FREGIF, the federation of health care networks for elder persons in Ile-de-France region, in the health care sector. FREGIF covers the regional territory of Ile-de-France in terms of gerontological coordination around elder persons living at home, by the networking and aggregation of the present gerontological health care networks in every department of the territory. In both cases, there's an evolution from a unipolar network to a federation of multipolar networks.

In this book, we will examine the process of extending network frontiers in order to better control the uncertain environment, through progressively integrating the primary stakeholders, and then the secondary stakeholders as defined by Freeman (2008). Throughout this process, the network will be transformed into a "network of networks," integrating new governance issues.

To develop this reflection, in Chapter 1, we present theories about network governance, in order to introduce the governance issues raised by the modification of frontiers within a network, leading to the appearance of a "network of networks."

In Chapter 2, we focus on the typology of companies' networks established by Provan and Kenis (2007) – administered networks, steered networks and distributed networks – in order to analyze the evolution of their boundaries, with reference to Freeman's stakeholder theory (Freeman, 1984).

In Chapter 3, we evoke governance issues when network growth results in a "network of networks." This will encourage us to approach

the political dimension of governance, in addition to the socio-economic dimensions. This is a question of examining the administration of power coalitions in a “network of networks,” when the solidarity links are no longer federated to the unique network level but to a multitude of networks connected to one another.

In Chapter 4, we examine two case studies that enlighten us on the governance of a “network of networks” issue. The first case study concerns a subnational “network of networks,” the European Union; the second case study concerns a national and regional “network of networks,” FREGIF.

1

Network Governance: The Theory

Abstract: *Relationship management in firms is as important as resources and skills management. To minimize uncertainty, enterprises try to organize their partner relationships into a network, in which the principles of trust and reciprocity prevail. By definition, a network is a collaborative structure, which depends neither on the market, nor on the hierarchy. Such networks are formed by several financially and legally independent partners with autonomous management that are, however, mutually dependent to achieve common goals. Thus traditional theories on governance, such as control of the board of directors in the private enterprise or the state's supervision of public bodies, may not apply to the network. In this chapter, we focus on governance network theory.*

Keywords: governance; network; trust; reciprocity; collaboration

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1 Introduction

At the beginning of the twentieth century the principles of continuity of place, time and action characteristic of Greek tragedy became a reference for settled companies which produced locally to meet local demand, with a unity of command. Nowadays, business life is subject to many sometimes conflicting rules, the definitions of which are often vague and dubious. First, an extension of the boundaries puts into question continuity of place and induces businesses to make room for new regulatory principles and modes of coordination for their activities within networks or cooperative international ventures. Outsourcing of tasks and infrastructure relocation have a pivotal role in this development which exploits countries' comparative advantages. With the opening of the markets, the national territory is no longer a sufficiently safe haven to compensate for the competitive weaknesses of overly sedentary firms that operate at the local level. Second, new information and communication technologies (NICT) have removed temporal barriers to effective coordination and control of offshore activities. Information flow becomes the major concern of business leaders responsible for acquisition and sharing of knowledge in learning organizations. Placed at a crossroads in a communication network, an enterprise becomes a node, storing knowledge which it exchanges with its environment. Thus, knowledge management becomes strategic in the enterprise policy. Third, unity of action becomes irrelevant because the focus is on sharing responsibilities between several partner companies that are not subject to the same principle of command. Therefore, the delegation of decision-making power creates new regulation issues in an organization with extended boundaries and scattered responsibilities, in which creation of economic value is assigned to various independent players.

We focus here on relationship management which, with the opening of the borders, development in telecommunications and corporate alliances, becomes as important as resources and skills management. Yet, relationship management is certainly the most difficult task, for it's not easy to foresee or to control reactions of others. To minimize uncertainty, enterprises try to organize their partner relationships into a network, in which the principles of trust and reciprocity prevail.

By definition, a network is a collaborative structure, an exchange convention which depends neither on the market nor on the hierarchy,

according to Powell (1990), Williamson (1991) and Ouchi (1980). Such networking is formed by several financially and legally independent partners with autonomous management, which are however mutually dependent to achieve common goals. Like an ecosystem in the meaning of Moore (1996), the network nourishes itself in exchanges with its exterior, which prompts it to extend its sphere of influence and to constantly challenge its limits. However, as the network expands, it becomes more difficult to regulate, given the increasing appearance of interacting components. And conversely, if the network stops growing, the connectivity loses its flexibility and modularity, giving way to rigidity causing the asymmetry of power for some members.

2 The concept of governance

Historically, “governance” is a term first used in eighteenth-century Germany in political science, to mean the process of governing, the aim of which is to optimize the resources of the state, to fulfill the social needs of the population in the best manner and, to achieve this, to ensure economic prosperity. Around 1930, the concept of governance was introduced in the business world for the allocation of the roles of the funders (shareholders) and the corporate officers (executives). This is where the notion of *corporate governance* is introduced, to define the shareholders’ monitoring power over the executives, which results in the gradual restructuring of the boards of directors. The latter aims to replace non-executive directors with more experienced directors among retired executive officers, representation of which in the boards increased from 75% in 1995 to 91% in 2001.¹ From 1981, the modern concept of governance has implied multi-stakeholder partnerships which share the responsibility for the company’s conduct outside the state and corporate realm, according to Hermet (2005).

Thus, one of the major issues we raise on network governance focuses on decision making and distribution of tasks, which is to find the best way to manage collective interest without threatening independence, individual initiative and specificity of relationships. This problem is not easy to solve since the traditional theories on governance that advocate a control of the board of directors in private enterprise or the state’s supervision of public bodies, may not apply to the network.

3 Theoretical synthesis

In theory, a network operates according to the principles of democracy, with transparency and collegiality in decision making in line with the universal principles of good governance (Graham et al., 2003) set up in the United Nations Program on Development (UNDP): that is, the *legitimacy* that gives any actor a voice in decision making in order to reach consensus despite divergent interests; the *orientation* that benefits all and not just some; *efficiency* resulting from the rational use of resources to produce the best possible result; *accountability* of associated members for the transparency of information; and the *equity* that comes with the principles of equality and impartiality.

According to the suggested grid based on three forms of governance – participative, lead, and administrative – the network does not always shows a stainless example of good governance, undeviatingly respectful of democratic principles. We will review these principles, to discuss the limits of their practical application within the network.

- ▶ The *legitimacy* of the network members to participate in collective decisions is questioned particularly in a network governed by a lead organization, where only the pilot has legitimacy to make a decision for everybody's sake, with the risk that he may exploit the organization for his own interests.
- ▶ In practice, the network's *orientation* is not always beneficial to the network's majority. In the network administrative organization, the founding members can retain the prerogative to guide the development of the network, giving priority to their own specific interests, before taking into consideration the stakes of new members.
- ▶ *Efficiency* is not always guaranteed in the network. Operation in a vacuum, with the phenomena of cooptation, a characteristic of the network administrative organization, or peer control within the participant governed network, can cause adverse effects because of "consanguinity" of judges and members, especially when the membership is subject to "reproductive cloning" of the members already in place. This can lead to inertia or to soft consensus in collective decisions, and result in a loss of individual accountability and immobility of the network as a whole.
- ▶ The *accountability* of each member is not always established. In a participant governed network, for example, operating without pilot

and without compliance with the charter of best practices, self-governance can lead to the appearance of stowaways who do not wish to get involved in the community, but who do want to enjoy the benefits it provides. The accountability of the members is no longer determined on a fair basis, but on the pursuit of compromise between active and inactive members. If there are no regulatory mechanisms to correct the perverse effects of this self-governance, the network may become discriminatory and rapidly lose its efficiency.

- ▶ *Equity* is another principle of good governance put into question in some situations. In a network administrative organization, the more one advocates equity with fair distribution of decision-making power among all members of the network, the higher is the risk of diluting this collegiate power to finally transfer it to the techno-structure (too much democracy kills democracy). In the lead organization governed network, the closer the peripheral members get to the pilot, the higher the risk of increasing the asymmetry of relationships instead of decreasing power differences (too much proximity kills proximity).

Also, in a participant governed network, solidarity based on good will has its limits, because of those who will be active in the structure, and those who will benefit from the structure without getting involved (too much solidarity kills solidarity).

Finally, network governance does not depend on the nature of geographical boundaries. In network administrative organizations, local roots are only a good indicator of solidarity if physical proximity is important for cognitive proximity, for the ability to exchange information and remain supportive. In lead organization governed networks or participant governed networks, territorial division is not enough to understand the real limits of solidarity within the network. This solidarity can be expanded through long-distance communication media, and through the geographical migration of agents(diasporas), mean without affecting the issues of sharing and pooling. Therefore, the true limits of a network are often intangible. They are based on a sense of belonging to a club, or community, with specific rules of cooptation and control. Governance issues are thus dependent on these rules of exchange, established through conventions and based on the balance of power, of bargaining power, for which the location of a member is less important than its position within

the network, which indicates its influence as an intermediary or as a pilot in relation to others, even if this influence is exercised remotely.

Also, network structure challenges traditional governance theories because the outline of the network's territorial, legal or capital borders is not always clear. The network may evolve into a hybrid public and private entity, it is not always embodied by a collective agent with legitimacy to discipline its members, and it does not always have a predetermined objective in its rationale (Kilduff and Tsai, 2003). And not all networks follow the same principles; therefore in Chapter 2 we examine the different typologies of networks.

Note

- 1 Source: "Designed by committee", *Economist*, 363 (8.277), June 15, 2002, p. 76.

2

Network Typologies

Abstract: *Not all networks function following the same principle. In order to better understand differences between networks, we lay out the dimensions of network governance (founding pact, network architecture, interpersonal game rule) identified by Moreau Defarges (2003), and the classification of networks into three types (distributed network, steered network, administered network) elaborated by Provan and Kenis (2007).*

In this chapter, we analyze the specifics of each type of network and its limits, which can lead the network to evolve towards a “network of networks” form.

Keywords: network governance; founding pact; network architecture; interpersonal game rule; network typologies

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1 Introduction

In order to better understand the differences between how different networks function, Moreau Defarges (2003) defines three significant dimensions for the governance of a network: the “founding pact”, establishing the principal union between members; “network architecture”, which defines the distribution of decision-making power between members according to their position within the network; and the “interpersonal game rule”, which describes the members’ rights and duties inside the network. These dimensions help to understand the mechanisms of governance that explain the manner in which the balance of power between the network participants and their bargaining power is organized:

- ▶ The *founding pact*: The network is considered as a regulated collaboration space, based on an implicit or explicit solidarity founding pact. To put it another way, it is necessary to be aware of the common denominator shared by members, and the sense of affiliation that unifies them. This will help us to understand the strategic issues of governance.
- ▶ The *network architecture*: We need to examine how the network borders change depending on its members’ entries and exits, by cooptation or by “decree”. This includes elements that can be useful for understanding the network’s properties.
- ▶ The *rule of relational game*: This includes the unwritten or formal code governing the relationships within the network, in order to guide collective action and arbitrate conflicts between members. It helps us to understand how the decision-making authority is distributed between the members, and how the benefit of relational capital is shared.

Based on these three dimensions, and in order to explore more deeply the issue of network governance, Provan and Kenis (2007) distinguish three types of network, with specific mechanisms of governance. We examine these below, and synthesize them in Table 2.1. A “distributed network” is submitted to auto-governance by its members, which are considered as peers, just like communities of practice based on professional conventions; in a “steered network” governance is centralized around a dominant member with others occupying a peripheral position; in an “administered network” governance is embodied in a collegial

manner by elected members, just like cooperatives, or mutual insurance companies.

By using this system of classification, we will try to determine whether governance is based on democratic principles: that is, on transparency of information, on equal treatment between members with collegial power sharing, and on fair exchange. We shall also try to understand whether the new long-distance communication technologies change the nature of the network, thus requiring new mechanisms of governance. To do so, we will focus our attention on the network's boundaries and find out the territorial or non-territorial dimensions of its borders are governance issues.

2 Distributed network: self-governance

A participant or distributed governed network is a dense-web network, with members occupying symmetrical and interchangeable positions. That is to say, no member has the function of controlling others. In other words, no member is able to plug up the structural hole in the network in Burt's (1992) meaning, and to become an intermediary or a pivotal connection. Within this type of network, the collective power is equally distributed between all the individuals.

Within the distributed governed network, governance has certain characteristics. As a result of the absence of a member occupying the central position, governance is a self-regulatory process (Accard and Assens, 2010). This self-governance process is a social construction based on exchange. Through their interactions, the members will create conventions which will empower and restrict their subsequent interactions. These conventions will also give spatial and temporal regularity to the interactions. In other words, these conventions give the network its "structure" (Giddens, 1984).

This type of self-governance is found mainly within networks where the founding pact is based on corporatism, on local rooting with a strong sense of belonging to the common territory, and on shared working practices. Distributed governed networks correspond, for instance, to a "community of practice" as defined by Wenger et al. (2002). Specifically, that means that the network operates in community-like way, regulated by peers, who transmit the codes and adopt unwritten conventions (Gomez, 1994). These conventions give meaning to collective action

by ensuring the legitimacy of actions and fairness in the allocation of resources. Thus, behavior that is off-course or over-opportunistic is prohibited by peer pressure to fit in.

2.1 From aristocracy to “networkcracy”

One of the earliest forms of community of practice, as described by the sociologist Heinich (1983), was the Royal Academy of Painting and Sculpture, inaugurated in Paris on May 9, 1648. The academy owes its existence to a founding group of 12 painters under the protection of the Queen and Mazarin, influential advisers of King Louis XIV. The Royal Academy of Painting and Sculpture quickly took on a corporate appearance, which is, traditionally, characteristic of “noble” intellectual sciences such as literature and medicine, but not of sculpture or painting, regarded as minor arts and crafts according to common belief at the time.

According to Heinich’s (1993) assumption embraced in the work of Bouchez (2006), the members of the Royal Academy of Painting and Sculpture gradually formed a new caste by including new members, whose admission was based on cooptation and on the “technical knowledge capital” of each artist. So, the academic network of painters and sculptors was built step by step on a purely professional basis, disregarding blood ties (inherited courtesy titles), wealth (social recognition due to property), decoration (arbitration of the king) or assessment (scholar meritocracy).

Thus, the title of Member of the Royal Academy of Painting and Sculpture confers on a person non-delegable qualities which are not based upon material goods or aristocratic lineage but upon “words, writings and works”. Thus, one became a member of the artist network neither by birth, nor by means of wealth or title, but exclusively, as Heinich (1993) asserts, by means of technical knowledge capital, in the technical and artistic field, and in society relations with the other artists belonging to the community. The constitution of the Academy allowed the introduction of a “collective identity reference”, promoting the interests of the corporation with the King, and becoming the guardian of the doctrine (judgment of the value of an artist by his peers) and of expertise through the handover of practical work experience in all its forms, tacit and empirical, from tutor to pupil with the aim of producing a masterpiece.

From that time on, the Royal Academy of Painting and Sculpture introduced into practice a widespread network-based learning phenomenon specific to a companionship with a principle of socialization based on working relationships. Through this example we can see a reconsideration of the power-elite model in French society and the transition from aristocracy to networkcracy, according to Cotta (2001), in which privileges are not determined by social status or by blood ties, but by the exclusivity of relationships developed within the network.

2.2 Too much solidarity kills solidarity

The community of working practice provides a first real-life experience of the distributed governed network, two essential governance-related characteristics of which are as follows: first, equal treatment of members regardless of their social status, size or skills, and second, restriction of individual expediency through control by peers.

First, as long as, conventionally, the structure of exchange belongs to all and to no one and as long as each member is considered peer to the other members, the distributed governed network has a partnership framework, which ensures that members have fair access to union benefits: the collective know-how, an information pooling system to foster coordination, a shared innovation portfolio or community facilities to obtain economies of scale, a quality label, and so on. The distributed governed network provides its members with the opportunity to share the benefits of the union by operating assets specific to the network: clubs, goods, and so on.

Second, the participant governed network aims to reduce expediency and uncertainty of interactions through peer pressure. Indeed, governance in the distributed governed network is a form of self-regulation based on the principle of Bentham's panoptic, on "looking without being seen", revealed by Foucault (1975). In a similar way, every participant of the network is subject to control and judgment by the other participants, who are considered peers to varying degrees. This interplay of viewpoints forms a kind of non-materialized and unverifiable collective power, which regulates deviant behavior. Thus, it becomes impossible for any member to waive the values enshrined in the conventions without other members noticing. Compliance with conventions is compulsory within the network and is never challenged by any party.

In fact, the lack of anonymity leads to a form of self-discipline for all the links forming a chain of solidarity. In other words, in the distributed governed network, trust can't be broken without negative consequences for the initiator. By cutting himself off from the others, he loses access to the network resources on which he depends. Indeed, if one party tries to mislead the others, it is punished by all the members of the network, not only by a victim or transaction partner. To that extent, the transaction becomes fair, not because of the balance in the exchange of the parties, but through a kind of reciprocity, with a shared vision of solidarity.

However, this solidarity weakens when the network tends to expand haphazardly, letting "stowaways" in. Indeed, solidarity, like any common property that is used individually and paid for by the community, is beneficial for everybody and for no one in particular (Hardin 1968). Yet, the management of a common asset is a sensitive issue, because usage of the asset in question cannot be refused to any member within the network, including those who adopt a stowaway behavior, or those who distort it, like programmers in a community of programmers who work on free software and introduce bugs or viruses (Loilier and Tellier 1999), thus depriving other users of the benefit of common use. This is the reason why it is sometimes necessary to introduce a more formalized mode of governance, to avoid deviant behavior among peers; this may bring about a change of the network's nature to another form: the steered organization governed network or administrative organization governed network.

3 Steered network: hierarchical and centralized governance

The characteristic feature of the steered or lead organization governed network is a hierarchy between the member situated at the crossroads of exchanges, occupying the position of central coordinator, and the surrounding members. The central member acts as a pilot, regulating the behavior of the other members (Assens, 2003). In the example of a business network, the pilot is a firm in a central position within the network that acts as a sponsor who defines the nature of the transactions by establishing contracts with the other partners (Snow and Thomas, 1993; Lorenzoni and Baden-Fuller, 1995).

3.1 The pilot, in a central position

To be more precise, the network pilot has three particular skills: strategic development and the vision of the network's future via a list of specifications and contracts with the members of the network; creation and consolidation of an atmosphere of trust and reciprocity (McEvily and Zaheer, 2004) and finally, research and selection of new partners. In this role, he defines the network's boundaries and pools the resources, as a master architect. He is the guarantor of solidarity within the network for his objective. As project manager, he is constantly strengthening the relationships between the entities. To do this, he supervises the development of relationships and contributes to it in many ways: he shares information, educates the newcomers, and disciplines the members who fail to comply with the rules he introduces.

Thus, the steered organization governed network is based on centralized and intermediated governance according to Burt's (1992) conception, with a significant imbalance in decision-making power distribution. The pilot plays various roles. He manages conflicts, he outlines a global strategy, and he coordinates and unites agents within cognitive proximity in the meaning of Torre and Beuret (2012). Indeed, it is not territorial proximity that defines the funding pact in this type of network, which is called an "extended company". The pilot can unite remote members using long-distance communication media. The pilot's objective, in most cases, is to benefit from comparative advantage between countries, and to do so, he must be able to coordinate the most competitive producers, distributors or vendors regardless of their location. So, the steered organization governed network has no geographical boundaries, due to long-distance communication media and to economic migrations (diasporas) (Saxenian, 2006). Its members, deeply rooted in their territory, can stay united with the actors located elsewhere and are thus able to take advantage of the synergies on the international level.

The case of Airbus in Europe is a good example of the lead/steered organization governed network. A wholly owned subsidiary of EADS,¹ Airbus is the fruit of an industrial consortium which includes several European aircraft manufacturers, grouped into 16 geographic locations around a common project. Airbus's aircrafts' spare parts are in most cases manufactured in Europe, but some of their components come from all over the world and the final assembly lines are situated in Toulouse (France), Hamburg (Germany) and Seville (Spain) for the European

market and non-Asian exports, and in Tianjin (China) for the Asian export market, contingent upon technology transfer between north and south. The organization of the Airbus manufacturer network is a result of the 30 years of task sharing that was necessary for the construction of the aircrafts. One of the questions to answer is how the exchanges between European partner sites of Airbus are organized and how this set-up, entrusted by Airbus with the responsibility to develop aircraft components, and brought to a global scale by the activity of its partners, and American and Asian subcontracting firms, works. The Toulouse site is situated in the heart of this industrial set-up and has the function of controlling the network, due to its know-how and expertise which is recognized by design engineering and aircraft assembly representatives. Thus, it is not the territory that unites the steered organization governed network, but the intangible assets belonging to the pilot firm (Assens and Bouteiller, 2006): a brand image, relational capital, its exposure to market players, its technological know-how. These immaterial assets in a pilot firm give sense to the funding pact which explains the solidarity of partner manufacturers within the network. They unite the network members around a pilot situated in the center of exchanges.

We can also illustrate this type of governance in the distribution industry. In this domain, the distribution channel is usually divided into three types, which can be integrated or independent trade. The first type relates to integrated distribution management based on hierarchical relationships, which corresponds to the creation of branches. The second mode is based on contractual relations between a manufacturer of goods or services and multi-brand intermediaries, primarily independent retailers or wholesalers. The third mode is the franchise network, which, from a formal point of view, reproduces legal and functional characteristics of associated trade between a franchisor and franchisees. This mode corresponds to the steered organization governed network, as the franchisor does not control the franchisee's property rights, but exercises if not legal, than financial and commercial governance over the franchisee through the contract. The specific assets, such as brand image, have all the more value as the possibility of imitation by exterior competitors is reduced. This can be explained by the fact that the specific assets are the result of the development of an exclusive relationship between a franchisor and franchisees. This type of relationship cannot be acquired on the market by means of negotiation. It is also explained by the absence of transfer barriers between franchisees as the frequency of transactions between franchisor and franchisee increases.

These specific assets belong to all the actors, franchisor and franchisees, and no one is able to keep them for its sole usage.

In the franchise, exploration of territorial and commercial complementarity is essential. This synergy cannot exist without consent of the franchisees to share the risks, as the membership in the franchise is based on free consent. Thus, the assets specific to the network (brand capital, marketing investment, image promotion) offer advantages to all the franchisees, and guarantee the impossibility of the pilot-franchisor usurping their usage for his sole benefit in an opportunistic way. Thus, the pilot-franchisor's objective is to further develop the marketing concept of the distribution network, and to provide technical assistance to the franchisee. In return, the franchisee is required to provide the franchisor with all the necessary data for efficient management of the distribution chain.

3.2 Too much proximity kills proximity

In the franchise distribution, the essential issue is the strategic choice of locations to cover the majority of a given territory, and at the same time to keep the "security distance" between the franchisees. Indeed, it is harmful for the franchisees to be located too close to each other: proximity in this case may have a counterproductive effect, transforming the brand's partner-franchisees into competitors contending local market share. Torre and Beuret (2012) emphasize the same phenomenon in technological networks, with the pilot giving orders situated in the center. As long as the partners keep geographical distance between themselves, the pilot can control exchanges based on transparent information. If the partners get closer to the pilot, and set up their facilities at the same territory, the geographical proximity can contribute to better exchanges, due to the sense of belonging to the same territory. However, in some situations, geographical proximity can bring distrust and harm the exchange of strategic information. Indeed, it becomes more difficult for partners to protect their technological discoveries in research and development: greater proximity to the pilot in this case brings the risk of being copied (Assens and Perrin, 2011).

More generally, the efficiency of the steered organization governed network is brought into question if the pilot intends to monopolize the relational capital at the expense of members located on the periphery. There is a risk of distorting solidarity by gradually preventing peripheral partners from developing their expertise through transactions outside

the network. The exclusive nature of the contracts signed with the pilot may cause the network to lose its flexibility.

To prevent abuse of the dominant position of the pilot, it may be useful to set up an independent and collegial network governance structure, the network administrative organization, which we now explore.

4 Administered network: democratic governance

The administered network organization has certain characteristics. Collaboration between members falls within the jurisdiction of the institutional rules, that is, the charter of rights and duties compulsory for the network's membership. A governance structure led by elected members should make evolve these rules and should check their good implementation through the network.

4.1 The board of directors, in a central position

The governance structure embodies the legal personality of the network. It engages the legal responsibility of the network and has legitimacy to resolve blockages, to mediate conflicts and to define the axes of expansion. Consequently, the administered network organization corresponds to a real joint venture based on *affectio societatis*: on the intention of its members to be considered equal in the governance structure (Hatchuel and Segrestin, 2007). This model is dominant in the social and solidarity economy, associations and non-governmental organizations (NGOs), in the mutual banking sector, where the social capital is distributed among member customers, and in mutual health organizations, where solidarity becomes apparent in the distribution of contributions made by the sick and the healthy. It is also noticeable in the public sector in public interest groups (PIG) with limited life spans, where a legal person aims to implement a public interest project by pooling the members' resources. It tends to infiltrate the private sector with economic interest groupings (EIG). An economic interest group is a legal entity tailored for a network of trade-oriented enterprises, because it preserves the independent management of its members, in accordance with their willingness to share the results of a common activity. An EIG is a grouping of resources in the form of a non-profit association, which excludes benefit sharing between members, but corresponds to an expenditure group for the sharing of fixed costs (creation of a computer system, an export facility,

an R&D center, etc.). Each member benefits from the economies of scale, achieved through costs sharing and common exposure to risk.

For example, the 71 competitiveness clusters set up on French territories are an administered network organization in the form of an association. The governance structure of a competitiveness cluster is required to give high priority to public and private partners, industrial, scientific and academic, and also to allow the representation of interested local authorities. Thus, the association has a relay team that has a key role to facilitate preparation of projects with the different actors of the clusters. The state and local authorities contribute to the funding of this governance structure.

We can complete this panorama by mentioning the cooperative form of organization, which appears in many production sectors such as banking, crafts, trade, industry and services, and is predominant in the agricultural sector. In France, there are 21,000 cooperatives, which represent less than 0.6% of businesses. They employ a million people and have a turnover of 288 billion euros. Cooperatives are for-profit companies, ownership of which belongs to employee shareholders. Their capital is not open on the financial markets and it is not subject to the risk of speculation. Indeed, the cooperatives share their profit with partners and customers, producers or employees. Two-thirds of the profit is distributed as dividends to employee-shareholders. Nevertheless, when an employee leaves the cooperative, he takes with him only his starting capital without capital gain. The cooperative model brings together 100 million employees and a billion members worldwide. The annual revenues of the world top 300 cooperatives equal Canada's gross domestic product (GDP).²

Agricultural cooperatives create a network of local farmers who pool the means of production, processing and marketing of their agricultural products. Being the associates (thus holders of social capital) and the suppliers of their business, the farmers manage it in a democratic manner according to the principle "one man, one vote". Concerning the undistributed share, the profits are allocated to reserves, the indivisible nature of which suggests their usage for long-term collective projects. In France, there are 2,900 cooperatives employing 160,000 workers in agriculture, agro-business and agro-industry, representing a total turnover of 82.8 billion euros, that is, 40% of the French food industry. Three-quarters of farmers belong to at least one cooperative.³

There are even consumer cooperatives, in the food sector in particular. This classification also includes worker cooperatives (cooperatives owned and self-managed by the workers), for-profit, in the form of SA (*société*

anonyme, fr., roughly equivalent to public limited company) or SARL (*société à responsabilité limitée*, fr., equivalent to limited liability company), the associated members of which are employees. This is a unique feature, which does not exist in the agricultural cooperative, for example. In a worker cooperative, employees own a majority stake with at least 51% of shares and 65% of voting rights. The leader of the worker cooperative is democratically elected by all associated employees, who are considered as co-entrepreneurs. Finally, there are two other features that should be mentioned concerning a worker cooperative. On the one hand, sharing of profit is fair, since it is equally redistributed through profit-sharing or participation schemes between all non-associated employees, and as dividends for associated employees. The undistributed reserves, which generally represent 40% of the result, consolidate shareholders' equity and guarantee the stability and sustainable development of a worker cooperative. In France in 2011, the General Confederation of Worker Cooperatives lists 2,046 worker cooperatives with a total turnover of 4 billion euro, employing 42,000 employees affected by this status.

One specific feature of the administered network organization, examples of which we mentioned above, is the fair distribution of property rights, and, therefore, the democratic distribution of decision-making power within the governance structure. According to Parrat (2003), the relational capital within the network is distributed in a "democratic" manner. The right of ownership over the governance structure may be assigned solely to the network members. Thus, there can be no individual owner able to take ownership of the benefit of relational capital, considered as a club good, at the expense of other partners. The right to use social capital or a club good within the network, to benefit from it or to transfer its ownership belongs therefore to the network members as a whole. Despite these theoretical arguments, the "democratic" dimension in the governance of the network is often called into question in practice.

4.2 Too much democracy kills democracy

In the associative or cooperative universe, all members are entitled to an equal share of property rights, to better apply the principles of solidarity and reciprocity. In theory, this rule reinforces, to all appearances, the democratic dimension of the network, with the election of representatives of the board of directors within the governance structure. In

practice, for very big cooperatives or associations with several tens of thousands of voting members, the power of representation becomes so diluted and so remote from its initial purpose that elected representatives of the board lose the legitimacy of their authority. This loss of legitimacy occurs most often in a techno-structure in favor of the managing director, who enjoys the status of employee but not of elected member. In fact, the managing director, who is not subject to the verdict of the polls, ultimately embodies the real power within the network, without ever being subject to political alternation of elected representatives. In these circumstances, members of the administered network organization may lose little by little the “democratic power” in favor of techno-structure.

This principle of democratic governance is also called into question in those administered network organizations where there is neither *affectio societatis*, nor principle of equal treatment of all the members, nor fair distribution of property rights, nor collegiality in decision making.

In an asymmetric environment, there is usually a balance of power that turns to the advantage of the founding members of the network at the expense of co-opted members who have more recently joined the network. A good illustration of this imbalance is the governance structure of the European Union, an administered network organization consisting of 27 member states (Assens and Accard, 2007). When we review changes to the rules within the European constitution as the successive waves of enlargement of the Union include new member countries, we can see that these institutional rules are still favorable to the founding members such as France and Germany, which have higher powers of representation within the relevant community bodies, compared to newly joined members. This imbalance in democratic governance within the European network results in political gridlock with a lack of harmonization, for example on tax or geopolitical issues, with newly admitted states refusing to submit and the desire of founder states to dominate.

In this case, within the administered network organization, in which governance function rests upon electoral process, collective decisions are more likely to be the result of a balance of power between members, of power games, coalitions and political negotiations, than of a purely democratic logic.

So too much solidarity could kill the solidarity in a distributed network, and too much proximity could kill the proximity in a steered network, and too much democracy could kill the democracy in an administered network. These situations can push the network to evolve

towards a “network of networks” form, which we will discuss in the following chapter.

We synthetize in Table 2.1 all the relevant elements of the founding pact, the network architecture and the interpersonal game rule for the three types of networks (distributed network; steered network; administered network).

TABLE 2.1 *Reading grid for the governance of a network*

	Distributed network <i>Auto-governance</i>	Steered network <i>Hierarchical governance</i>	Administered network <i>Democratic governance</i>
Founding pact	Solidarity based on common values: corporatism, the logic of honor and reputation in a profession, a sense of belonging to a territory, etc.	Solidarity based on intangible assets (brand, technology, know-how) owned by the driver	Solidarity based on <i>affectio societatis</i> : equal treatment with a charter of rights and duties Logic of cooptation between founding members and new members
Network architecture	Dense network without structural hole Interchangeable positions and symmetrical members Territorial and non-territorial borders	Star-shaped mesh/ asymmetry of positions Central power broker in the pilot position No territorial boundaries (NICT and diasporas)	Meshing with head ends relay Central position of the governance structure involving head ends territorial borders
Interpersonal game rule	Governance by the conventions/ regulation by the peers Weakness: stowaways	Governance embodied by the driver/ contractual and legal regulation Weakness: arbitrary management	Governance by “democratic” elected/ political regulation Weakness : weight of the techno-structure/ conflict between founders and non-founders of the network
Examples	French Royal Academy of Painting and Sculpture (1648) Free software community on the internet	Airbus network in Europe Franchise distribution network	Associations, cooperatives, clusters, European Union, FREGIF

Notes

- 1 European Aeronautic Defence and Space, now known as the Airbus Group.
- 2 Source: “Cooperatives and the global financial crisis”: interview with Hagen Henry, Head of the International Labour Organization’s Cooperative Department on the ILO’s website, April 23, 2009.
- 3 Source: <http://www.acooa.coop>.

3

From Network to “Network of Networks”

Abstract: *A network is a dominant model of creation and value share in the social and solidarity economy; this can be a network of companies as well as a network of individuals. The weaknesses, the globalization of the transactions and the social media role in the three types of networks – distributed, administered and steered – push the traditional network boundaries to evolve through integrating other networks. In consequence, we witness an extension of the network organization frontier towards a form of “network of networks”. We analyze this topic in this chapter.*

Keywords: network of networks; network boundaries; globalization; governance of network of networks

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1 Introduction

A network is a dominant model of creation and value share in the social and solidarity economy. More precisely, “social and solidarity economy” (SSE) designates a group of organized companies in the form of cooperatives, insurance companies, associations or foundations, where internal functioning and activities are based on the principle of solidarity and social utility. These companies adopt democratic and participative modes of management. They frame strictly the use of the profits which they realize: individual profit is outlawed and the results are reinvested. In 2010, 2.34 million persons were employed in SSEs in France, around 10% of employees, in 200,000 structures: associations, cooperatives, mutual insurance companies, foundations and social companies (Capon et al., 2013). This logic can concern a network of companies as well as a network of an individual.

2 Creation and value share in the network

On this subject, let’s consider the case of MACIF¹ which functions through a network of 4.5 million owner-clients. MACIF is an insurance company (cars, housing, professionals, etc.) with a mutualistic character, created in 1960. Throughout its history, MACIF has progressively diversified to respond to the evolution of its members’ needs. Nowadays, it has a presence in the fields of health, foresight, savings, life insurance and banking. MACIF has a particularity compared to other financial establishments. As an actor in the social and solidarity economy, it attempts to combine economic performance, corporate social responsibility and solidarity between its members. It consists of a form of auto-management, where the client, as a member of the network, is a manager and an owner of the MACIF company that supplies him with services at the same time. Three governance principles define this organization:

- ▶ The client is “the unique shareholder”: earnings are not redistributed outside the system to anonymous shareholders in the form of dividends, but reinvested in order to expand the range of products and services and to control the rates in order to guarantee the best quality/price ratio. From this point of view, the clients are the first beneficiaries of the management efforts. The added value creation is primarily redistributed to the clients.

- ▶ The client is in solidarity with other customers: the member clients are mutually insured against potential risks in the sectors of health, housing, automobiles, and so on. They are individually insured and collective insurers. This solidarity circle reinforces the empowerment of each.
- ▶ The client is a co-decision maker: clients have the status of member (holder of a social part in the MACIF), with the principle of strict equality between them regardless of the nature of the insurance contract. All members have equal voting rights: “a member” equals “a voice”. The board of directors is composed of delegates elected by the members in order to represent them.

This governance, both democratic and partnership, corresponds to the principle of *affectio societatis*, where network members are treated equally to reinforce the principles of solidarity and reciprocity, whatever the dimension, resources, qualifications or influence of each member.

As we proposed in Chapter 2, not all networks function following the same principle: we distinguished three types of networks (distributed network, steered network, administered network). We will examine in these three situations how the network evolves by integrating stakeholders within their environment.

3 Towards a network of networks form

When a network of companies is an administered network, as in the case of MACIF, it is subdued to a democratic governance. In this framework, the founding pact is translated by a solidarity based on *affectio societatis*. Confidence between members is reinforced by the cooptation logic between founding members and the new members as in a cooperative, which, hence, reduces the risk of moral hazard. Nevertheless, the “interpersonal game rule” is based on political regulation. The steering of an administered network is assigned to elected members. This mode of entrance to power fosters the fights of influence against the principle of participative democracy. For example within the MACIF, during the first 50 years of its existence, a tacit convention imposed at the end of a power struggle systematically gave the presidency of the board of directors (office of representation of the members) to the managing director (office of representation of the employees). This means that in an administered

network of a very large scale, the power of representation can be partly seized by the techno-structure at the expense of the elected members as the heads of network. It is therefore important to integrate other stakeholders in the governance, such as the employees.

For agricultural cooperatives, governance extends on the scale of territories to the borders between the network and the competitors. The secondary stakeholders, as defined by Freeman (2008), enter into the scope of the network governance. So the farmers who formerly were in competition on the same territory become partners in investment in equipment within the framework of the cooperative that they are establishing. They are sharing the same preoccupations on a determined territory. If we widen this reasoning within globalization, the search for critical size in the negotiation with agricultural suppliers or big distributors forces the cooperatives to federate in a network of networks, like the union InVivo² in France.

When a network of companies takes a steered form, its governance becomes hierarchical, centered on one of the members in a position of architect and coordinator. Therefore, the founding pact in this type of network is primarily based on intangible assets held by the pilot: a brand image, a technological patent, a franchise of distribution, customer portfolio, share capital, and so on. Cooperation between the members articulates around these intangible assets.

The confidence between the members is framed by the terms of a legal contract, where the role of the pilot is central. In this type of network, the solidarity frontiers widen through contract with the partners, then with suppliers of a second rank, then with subcontractors, and finally with subcontractors of subcontractors. Governance becomes progressively multipolar within the image of a network of networks. For example, at the level of the industrial consortium of Airbus in Europe, the frontiers of "community of partners" (primary stakeholder representing the other companies of the sector of activity) are no longer national, but rather European, and the frontiers of "industrial government" (secondary stakeholder represented by shareholders and public authorities), which translates the institutional regulation of the network, also becomes European.

When a network is based on auto-governance with the absence of a pilot, by taking the distributed form, the founding pact lies in the tacit conventions in order to replace the absence of hierarchical control. From this point of view, the network corresponds to an auto-management form, just like the intelligence produced by mutual adjustments between the billions of neuronal cells in the human brain (Assens, 1997).

Cooperation between members is then federated by the share of values, and by the rights and the obligations chart (Dyer and Singh, 1999), like the current way of functioning in the order of the chartered accountants, or in the order of lawyers. The frontiers of the distributed network evolve with the appearance of new communication tools on the internet and companies' social networks. Certain stakeholders' moves from the secondary stakeholders' category to the primary one (as per Freeman 2008), and become partners for the creation of value, with an increase in collaborations in "crowdsourcing" on ideas sharing for innovation or after-sales service, "crowdfunding" on the research of collaborative financing, and so on. Progressively, the distributed network evolves into a network of networks, including the committees of the consumers, the associations of suppliers, the producers' community platforms, and so on. We attend, according to Fayard (2006), to a real paradigmatic turnover in, on one hand, the organization and the values of the network and on the other hand, in its relation with its useful environments, generated by "the economy of the immaterial" in increasing globalization which leads to a disappearance of geographic barriers. The failure in network organization (Miles and Snow, 1992) results in a transformation of the network organization towards segmentation, divisions, and an increase in more flexible and dynamic structures, where it seems that "the power of governance migrates downstream".

So beyond the fact that an excess of solidarity could kill the solidarity in a distributed network, an excess of proximity could kill the proximity in a steered network, and an excess of democracy could kill the democracy in an administered network, and then lead them to evolve towards a "collective of collectives" form, we notice that failures in network organizations can push the network to evolve towards a network of networks form, which we will illustrate through two case studies in Chapter 4.

Also, through the three types of network, distributed, administered and steered, we can see that the globalization of transactions and the role of social media push the traditional network boundaries to evolve through integrating other networks: the associations of consumers, the federations of competitors, the grouping of suppliers or distributors, the unions, the communities of professional practice, and so on. In consequence, we attend to an extension of the network organization frontiers, with an extension of stakeholders who change status and progressively become elements in the network. Along this process, the network changes its

nature, and somehow becomes a network of networks, which federates a different grouping of companies, where governance issues are modified.

4 Governance of a network of networks: political and socio-economic dimensions

Initially in a network, the founding members know each other through ad hoc alliances that enhance their complementarities. The founding members’ trust in each other is based on their prior relationship experience. The factors of reputation and trust among founding members thus become the basis of the privileged relationships between them, resulting in a sustainable and reciprocal exchange structure. Indeed, the more recurrent alliances institutionalize the nature of relationship between founding members (Gulati, 1998). Binary relationships become multidimensional through an intermediation game. The value of relationship becomes more important than that of an exchanged commodity. So, each founding member adopts the conventions that define the expectations and obligations of each member of the network. Initially, the rules of exchange are defined irregularly and in an informal manner, through unplanned interactions between entities. The unplanned individual interactions then give birth to a collective order without giving a more advantageous position to one of the members who has an overall picture of the organization. Coordination between the entities is based on the adoption of conventions.

The creation of the network is characterized by strong ties (Granovetter, 1985; 1992): frequent, sustainable, interpersonal social relationships, with strong emotional commitment and strong cohesion fostering the exchange. Coleman (1990) suggests that the network has a small size and a very dense linking within which the founders occupy interchangeable positions. Interconnections increase in number, enabling knowledge transfer, that of tacit knowledge in particular. According to Powell (1990), strong relationships increase the level of trust and mutual gains. They reduce opportunism within the network and help deal with collective issues in a transparent manner. Moreover, these strong ties facilitate the spread of conventions, thus encouraging expectation of a similar behavior from new entrants.

However, maintenance of conventions becomes a questionable issue, because the growth of the network makes the translation (Callon, 1986), aimed at socializing members, more difficult to solve, according to the theory

of translation suggested by Callon (1986). As per the theory of translation, a network does not precede its actors, but it is built around a project involving a limited number of representatives, whose geographical, financial and temporal limits define the boundaries of the network. These boundaries, which are vague and changing, make the network difficult to outline, especially as the analysis implies consideration of human relations at various aggregation levels: micro and macro-societal. Compromise or controversy within the network depends on the capacity of participants in union projects to translate the issues of collective action in their speech, by adapting them to the forms of individual representations and to the identity of different partners who come to align themselves to the expansion process. To maintain the unity without uniformity, the conventions for actions (customs, usages, rites and symbols) need to be formalized in an institutional framework less sensitive to the members' misinterpretation.

Beyond the translation issue, as the network grows the founding members try to expand their sphere of interpersonal influence, to increase their visibility, to increase their relationship capital by new opportunities for exchange, and to avoid two major risks: those of conformity and endogamy. Indeed, the strong ties between the founding members lead to the transmission of redundant information. Because of this redundancy, the strong ties can create the conditions for a uniform organization that loses its social diversity and can lead to the appearance of entry and exit barriers enclosing the network members in an endogenous logic. To escape this trap, the social value of the network must be promoted (Burt 1992). To do this, one has to create a club good, that is, the ability to share privileged relationships and to let the new members benefit from solidarity within the community. The presence of these new members, in turn, will increase the attractiveness of the network for those who do not yet belong to it. When the growth process is mastered, it may generate positive externalities: a halo effect of the network in its surroundings. This process is based on the idea that the network, as an organization, grows and gains value by choosing (an exclusion process) new members and by avoiding conflicts and competition between the existing members and the external actors.

At this point, the number of possibilities to extend ramifications is equal to the number of members within the network. According to the principle of capillary action, the network grows with the arrival of new members co-opted by the elders. According to size effect, the extension

of branches expands the sphere of influence of the existing members, through which the latter discover new sources of growth with opportunities for more varied and diverse interconnections.

This phenomenon produces two contradictory effects. In the short term, it encourages existing members to recruit more members through patronage. In the long term, it highlights the need to integrate the new members in order to give coherence to the structure. Indeed, the more the sphere of influence increases the more difficult coordination and control becomes. That is the reason why some of the members try to structure the privileged relations, by formalizing the rules or by controlling admission through the "rites of socialization" (Granovetter, 1985). The network boundaries are more easily outlined when the unity is based on factors of solidarity.

Therefore, members will tend to specialize their positioning to maintain legitimacy, despite the appearance of new groupings. Consequently, the network becomes denser to compensate for the decrease of versatility and variety. The types of dysfunction related to size effects threaten the inexorable development of the network. Beyond a certain threshold, the growth makes impossible the integration of new members and the efficient regulation of exchanges with the founding members. In response, the founding members form coalitions, making the borders more hermetic, and avoiding conflicts or power struggles by more balanced designation of positions. This policy aims to reduce the costs of coordination through better use of the structural holes, according to Burt (1992).

The relational model which prevails in the growth phase allows intermediation and the development of indirect relationships, that is, the ability of member A to create a link between members B and C when A is connected to both B and C, provided that those links are strong. In this case, to use the structural holes means to occupy intermediate positions, that is, "mediator positions", by creating unique relationships with the members who have no direct connection between them. This positioning provides more power and autonomy, and therefore allows being less dependent on others. These indirect relationships are developed to compensate for breakpoints in the network, and they are the first signs of political evolution of the network, based on power struggles, making the political dimension as decisive as the socio-economic dimensions.

Also, as a network grows, it gradually reaches maturity, attaining a threshold effect in its growth. New problems of coordination and control explained by Brooks's law of 1996 arise when the number of

links connecting members grows faster than the number of members. Indeed, like any system open to its environment, a network is composed of multiple interacting members. These members nourish themselves through the exchanges with their exterior, which prompts the network to extend its sphere of influence, constantly broadening its boundaries. Nevertheless, as the network expands it loses its stability; its social order is challenged by a growing number of interacting members and complexity of coordination between these members. Indeed, the principle of social cohesion cannot resist the fast growth of the network, which may call into question solidarity and moral agreement between members. To solve the issues of coordination and to reduce the complexity associated with the network growth, one has to avoid two potential risks:

- ▶ Excessive official procedures and institutional regulation, causing the network's disintegration and insularity: this happens when the founding members seek to occupy hierarchical positions and define the rules of interaction in their favor, with the risk of gradually losing the network's flexibility and provoking inertia.
- ▶ A lack of formalism and institutional control, causing uncontrolled growth and the network's disintegration: this happens when self-discipline becomes impossible, when new members are no longer able to meet applicable social standards. The principle "each for himself" may then supersede the principle of social grouping, that is, the members may refuse to participate in exchanges or pool resources, they may leave the network and take away their relational capital, or they may monopolize it and refuse to share it. Unable to occupy a central position, some members will occupy peripheral positions, processing less information internally and having little or no control over the information flow exchanged with the exterior. Therefore, "peripheral" members will depend entirely on relays if they want to expand their influence. They will develop weak relationships (Granovetter, 1985) with the relay, that is, less dense, less emotional, less frequent but richer in informational content, compared to strong relationships. In the long run, these weak relationships may increase the social distance between actors and cause situations of isolation and conflict within the network, if they fail to evolve into strong relationships.

Consequently, the network leads to the disappointment of its members if self-management can no longer maintain a sustainable balance between

social cohesion (network stability) and adaptability (network instability); the activity of its members to preserve this balance, in most cases, is counterproductive, because it tends to emphasize the instabilities to better correct them. Under these conditions, it is not unusual to observe the disappearance of some networks that have grown too rapidly and haphazardly, and their rebirth in a new version, sometimes with a smaller size, more consistent rules and restored social proximity between members. This can be understood as a political evolution of the network, based on power struggles, where the political dimension beyond the socio-economic dimensions becomes decisive for governance.

In this respect, considering the sense of belonging to the territory is essential because it helps to understand the role of geographical proximity in consistent network membership. If the territory is too large or parceled, it will not be able to play a unifying role, as in the case of the European Union.³ On the other hand, it will be more efficient locally, as in the case of FREGIF⁴ (a federation of health care networks for elder persons in the Ile-de-France region) at the regional level.

5 The mediators in a central position

These mediators occupy a function of third-actor or broker as defined by Burt (1992), positioned in the structural holes in the intersection of several coalitions. So these third-actors take the role of informer to forge a relationship between potential partners who have never collaborated together in the past, because, for example, they belong to different networks. They also play the role of translator, as defined by Callon (1986), by harmonizing the individual stakes inside every coalition, in a collective representation of all the coalitions. They also play the role of facilitator, as defined by McEvily and Zaheer (2004), to create and harmonize the various trust levels among the members of the network of networks.

Consequently, governance of a network of networks is centered on the mediators' game of intermediation. These mediators can be elected or indicated in an informal way to defend the interests of their network of origin and facilitate exchanges with other networks. The nature of governance of a network of networks is then political and socio-economic. It takes the shape of an administered network, where the collective structure is managed by heads of networks: the mediators elected or selected to direct collective action (Figure 3.1).

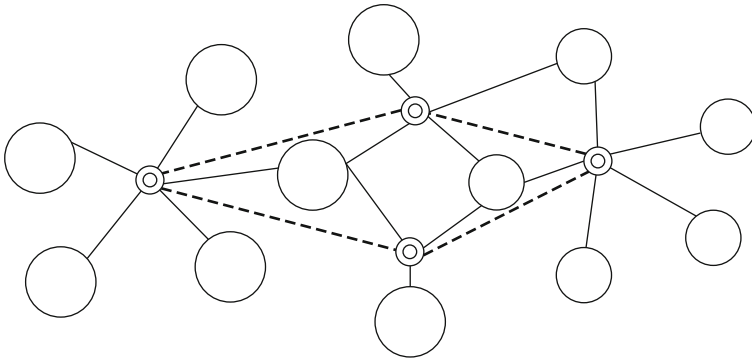


FIGURE 3.1 *The mediators at the intersection of multiple networks*

The collective decision points then to the search for a compromise arising from negotiations, according to the “power” held by the various mediators. This way of functioning involves power struggles and fosters the search for compromise with political alliances between various coalitions within the network (Scott, 1991; Degenne and Forsé, 1994). Democratic governance turns out to arise from a balance of power, according to the bargaining power of every component towards the others.

The mediators within the democratic structure of governance form a hard core of influencing actors, surrounded by less powerful peripheral actors. Cole and John (1995) underline, at this level, the imperfection of the reticular structures caused by the power games, noting that the network can appear as an attractive egalitarian mask which disguises a more hierarchical reality. The decision making process in a network is typically set against more classic processes of decision, such as the hierarchy, or the markets. But the image of the network shouldn't mask the stakes of power and the balance of power.

These reports of domination in the conquest of power can paralyze governance in this collective of collectives, sometimes necessitating splitting the structure into autonomous subnetworks, to allow the actors to function flexibly. On the contrary, a search for a purely egalitarian balance of power games can be harmful to governance in certain cases, as it reveals to us the crisis of institutional governance, as the case of the European Union will show.

So a network of networks evokes cooperation issues, in the frame of a collective of collectives, by the interconnection of various networks. Governance is then political and socio-economic, centered on mediator roles. The European Union is a good example of this construct, which aims, to use the terms of Pfeffer and Salancik (1978), to build a “negotiated environment” as the network of founder members (France, Germany, Belgium, etc.) extending to new networks (countries of Eastern Europe, Northern Europe, etc.). We will explore this issue in the next chapter, as well as the case of FREGIF which can be seen as a regional network of networks in the health care sector.

Notes

- 1 *Mutuelle d'Assurance des Commerçants et Industriels de France*, fr., roughly equivalent to “insurance of traders and industrialists”.
- 2 A union of 279 agricultural cooperatives, InVivo is the first European cooperative network of purchase, sales and services in the agricultural world.
- 3 See Chapter 4, case study A.
- 4 See Chapter 4, case study B.

4

Governance of a Network of Networks: Case Studies

Abstract: *In this chapter we examine two case studies that will enlighten us on the governance of a network of networks, when the solidarity links are no longer federated to the unique network level but to a multitude of networks connected to one another. This will lead us to approach the political dimension of governance, in addition to the socio-economic dimensions. We present a case study on a subnational network of networks, the European Union, and a case study on a national regional network of networks, FREGIF (federation of health care networks for elder persons in the Ile-de-France region).*

Keywords: European Union; FREGIF; network of networks

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1 Introduction

This chapter is based on two case studies that reflect two examples of a network of networks, both prone to evolving, but in two different directions. The first is a supranational network of networks, the European Union. The second is a regional network of networks in the health care domain, FREGIF (a federation of gerontological health networks in the Ile-de-France region). Through these case studies we show that the political dimension, together with economic and social ones, is a determining factor for the survival and development of a network of networks. We show also that some actors play the role of mediators, forming a hard core of influencing actors surrounded by less powerful peripheral actors, and occupying the function of broker as defined by Burt (1992), positioned in the structural holes in the intersection of several coalitions. This creates power struggles and fosters the search for compromise with political alliances between various coalitions.

2 Case study A: the European Union

2.1 The network of countries in the European Union

The European Union (EU) is a network of countries, within which it is necessary to preserve national sovereignty in matters such as defense, education and health, and at the same time to promote economic and financial complementarity between the countries, by facilitating exchange and enhancing sharing. This network is based on economic complementarity, with the creation of a single free trade market, one of the outstanding illustrations of which is the CAP (Common Agricultural Policy). Synergies in the financial domain are shown through the creation of a single currency to stabilize the exchange rates of national currencies, and synergies at the social level are shown through the effort of harmonization with the establishment of the Stability pact.

If we examine the history of the European Union as a community, for over 20 years its expansion has been a virtuous circle owing to its property of social attraction and to its political and economic influence. The European model is gradually becoming a credible alternative to other models of society, which are sometimes considered

less protective in social terms, or less efficient in the liberal field. The more network expansion is strengthened with the newcomers' contributions, the more their common pool of resources helps existing members to boost their economic competitiveness and political influence in comparison to the countries outside Europe, which are isolated and thus weakened by size effects produced by the consolidation. In addition, the community consolidation provides a guarantee of common stability for the European countries, enabling them to better control uncertainty in their geopolitical and macroeconomic environment, as far as this "environment" tends to penetrate during the enlargement process in the very composition of the network: that is, 80% of exports and imports take place among member states. This is not negligible when the "environment" is becoming global and the other competitor networks such as NAFTA (North American Free Trade Agreement) or ASEAN (Association of Southeast Asian Nations) are emerging at the same time in other parts of the globe. Nevertheless, as time goes on, the network effects between the countries lead to diversity that may compromise the unity, notably by introducing more complexity to the organization and decision-making bodies, by multiplying the number of intermediaries, and by developing indirect and more remote relationships. On the political level in particular, some issues have intensified the conflicts of interest between member states, often showing the limits of federalism at risk of exploding because of excessive diversity, or imploding under the domination of the most influential states.

This arbitration between the desire to expand and the temptation of insularity within the network is based on many parameters, including the sharing of relational capital between the member states (Ring and Van de Ven, 1992). In the European network, cooperation between countries is likely to fail either because of excessive aggregation or excessive disaggregation. Excessive aggregation may occur if the cooperation is built on foundations which are too asymmetrical, that is, when one of the partner states, or a core group of states, plans to take over the major part of relational capital to its own advantage; multilateral cooperation then turns into a unilateral integration of partner states' specificities. Conversely, when none of the partner states respects the mutual obligations defined in the Partnership Charter (Constitutional Treaty) or, a fortiori, when there is no charter worthy of the name, the logic of cooperation would deviate towards a logic of

internal competition, in which individual interests prevail over collective interest. This provokes a partial or total loss of cohesion, causing the disintegration of the political, social or economic relational web. This scheme becomes impossible if each member country is subject to exit barriers, and if it is impossible to waive Europe without losing the benefit of 50 years of shared history.

We will examine these questions in more detail by presenting the milestones of European construction that correspond, more or less, to the major stages of a network's life cycle.

2.2 The construction of the European Union

2.2.1 Creation of the network: the European Union

The construction of the European Union was an effort by European states at the end of the Second World War to avoid further military conflict (Chabot, 2005). In the context of reconstruction, the founding countries were brought together by the desire to make any new Franco-German conflict impossible through making the European economies interdependent within a network, the European Union.

The Treaty of Rome, the founding treaty of the European Union (EU) signed on March 25, 1957, marks the birth of a network of six countries (Belgium, West Germany, France, the Netherlands, Italy and Luxembourg). This network aims to lock within a multilateral decision framework all mineral resources and steel that nourish the defense industry. From now on no state member of the alliance can divert raw materials for military purposes. Thus, the organization significantly reduces the risk of unilateral opportunism, political or military, within Europe (Laude, 2004).

The grouping of states created with such a purpose was unclassifiable, and impossible to bring into known categories. From this period, the EU became a more complex structure than a mere intergovernmental confederation such as NAFTA (North American Free Trade Agreement) or ASEAN; it goes beyond the punctual or circumstantial cooperative game between nation states. However, the EU is not a federal state like the United States of America; it is not a federation of states within the same nation. It is a network that promotes close links between partner states that remain autonomous in decision making concerning national interests, but where the decisions on territorial and economic complementarities are made jointly. The member states

are all the more united economically as they share a common history, their values and identity are similar and their geostrategic interests often come together.

During this stage, the construction of the network develops essentially according to economic rules, and then gradually switches to the adoption of more implicit rules in the form of conventions because of the increased number of members. The founding members intend to develop the attractiveness of the network by creating a genuine single market, abolishing customs barriers and promoting free movement of people, goods, capital and services. Community preference is claimed throughout this demarche. Within the EU, the economic order gradually slips into a more formalized social order to meet the expansion of the union. The birth of a network such as the European Union rests on certain general principles which we synthesize in Table 4.1.

TABLE 4.1 *Key dates in the evolution of the European Union*

	Key dates of the European Union	Stratification of rules in network
Birth date of the network	March 25, 1957: Signing of the Treaty of Rome creating the European Economic Community by the Federal Republic of Germany, Belgium, France, Italy, Luxembourg and the Netherlands	Economic rules
First enlargement stage: network growth	January 1, 1973: The EEC widens to Denmark (including Greenland but excluding the Faroe Islands), Ireland and the United Kingdom	Economic rules Conventional rules
Creation of the European Union: network growth	February 7, 1992: The Maastricht Treaty created the European Union, which replaced the EEC, and introduced a single European currency called the euro	Economic rules Conventional rules Institutional rules
Second wave of EU enlargement: network growth	May 1, 2004: Signature of the Dublin act Enlargement of the European Union from 15 to 25 member countries Arrival of Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Czech Republic, Slovakia and Slovenia	Economic rules Conventional rules Institutional rules
Draft of European constitution: network maturity	June 18, 2004: Political agreement on the draft European Constitution, at the European Council	Economic rules Conventional rules Institutional rules

2.2.2 *Network expansion: coalitions of states*

Within the EU, network expansion is part of the social conventions shared by the founding members. The first convention relates to the enlargement process. According to the principle of geographical proximity, each member state may become a relay for the network's extension through "patronage or cooptation" to facilitate entry of new countries into the community: for example, Germany plays the role of a gateway for Eastern European Countries, and France for the Mediterranean countries. Furthermore, the enlargement process prompts us to mention two other conventions in the EU involved in its development: the principle of community preference, and the principle of subsidiarity.

Before 1972, the six founding member states introduce common import barriers with a uniform regulation on tariffs and entry procedures for goods and services within the EU's borders. According to the convention, this measure is intended to privilege exchanges established inside the network compared to exchanges with external actors. The entry of Great Britain in 1972 partially puts into question this convention based on the "community preference". This is when the policy of trade liberalization with the actors outside of Europe is introduced, progressively removing from the negotiation process the famous "rounds", which are common external barriers (Valode and Mary, 2004).

However, solidarity, a more widely shared principle, continues to appear in the budget of the European Union, with a bigger participation of the most developed countries compared with the least developed countries. The principle of European subsidy arranges the new entrants within the network in an order, in which their proximity to the founding members is defined in accordance to criteria of economic and social stability. This phenomenon, stretched over several decades, is of direct benefit to the new member states such as Spain, Portugal and Ireland in the 1980s and the countries of Eastern Europe from 2004. But it is also beneficial for founding countries for the reason of sustained growth of intra-EU economic transactions during this period of transition: the new member states become subcontractors, partners and customers of the oldest founding members.

During this period, the EU member states also give meaning to their actions in the relationship of order based on the principle of subsidiarity. The principle of subsidiarity rests on the balance between individual autonomy and mutual dependence. According to convention,

a priori, the decision-making powers confer at the “lowest level” (member state) on sovereign issues, unless it is proved that transfer to a “higher level” (Europe) will boost efficiency, such as the definition of a global critical mass in major industrial and scientific projects: ITER (International Thermonuclear Experimental Reactor), Galileo, Airbus, Ariane, and so on.

However, maintenance of conventions becomes a questionable issue because the growth of the network evokes the translation matter suggested by Callon (1986). The capacity of participants in union projects to translate the issues of collective action in their speech, by adapting them to the forms of individual representations and to the identity of different partners who come to join the process of expanding the European Union, such as Latin countries, countries of Eastern Europe and countries with a Protestant culture, becomes essential. The disappearance of community preference with EU enlargement is an illustration of this theory, where the formalization in an institutional framework less sensitive to the members’ misinterpretation seems to be important.

The exchange of information and regulation then take a more institutional form, where the founding members agree to abandon the conventional logic of exchange. The development of the EU network is then pursued with greater formalization by establishing “institutional standards” to discipline and socialize new members.

2.2.3 *The maturity of the network: federalism or non-federalism*

The more Europe expands with new entrants, the more the EU network becomes institutionalized to better regulate the growing number of relationships and to take collective decisions that remain legitimate. The institutionalization process affects the network’s governance principles with the implementation of a constitution that establishes principles of admission to the network: the “Copenhagen criteria” and, subsequently, the “Maastricht criteria” and following treaties (Christophe-Tchakaloff, 1997). To this extent, each member state must comply with the following convergence criteria:

- ▶ *Political criteria*: the existence of stable institutions guaranteeing democracy, the supremacy of law, respect for human rights, respect and protection of minorities.
- ▶ *Economic criteria*: the existence of a functioning market economy open to market forces within and outside the Union.

- ▶ *Criteria of the *acquis communautaire**: the ability of each member state to adhere to the aims of political union and to economic and monetary stability as defined in the European Constitution.

To enforce these rules, the EU should have supranational representative bodies, within which decision making is shared between member states in accordance with their demographic and economic importance. In this regard, member countries commit themselves to co-management of the network, an example of which is rotating presidency. The rotating presidency of the European Union lasts six months regardless of the economic, demographic and political weight of a member country occupying this position. From the political point of view, this institutional principle illustrates co-management reasoning, according to which each member country in turn embodies the collective identity of the network without usurping power and without preventing others from subsequently assuming the presidency of the union. On the other hand, on the legislative and administrative plan, this democratic governance becomes a source of inertia when it is necessary to come to consensus by a qualified majority. To approve a decision in the Council of Ministers represented by 27 countries, it is necessary that 55% of member states representing at least 65% of the population of the Union vote in favor. Within the European Council, decision making is ever more restrictive, as far as it must meet the principle of unanimity.

The enlargement to 27 countries makes the institutional rules of co-management less efficient. The principle of network expansion threatens the search of consensus as co-management becomes more difficult to implement with the network's growth. We can see that the EU limits have nothing to do with its geographic boundaries. The sense of belonging to the network is fragile, since the European continent does not exist. Europe makes a single continent with Asia (called Eurasia). Therefore, all the boundaries of the network are created artificially, often on the basis of political and geopolitical considerations. From this point of view, the institutional regulatory process seems unfinished. It is really important to better define the network boundaries and to simplify the rules of co-management in view of the growing number of points of view and conflicting interests. Thus, the network attains its maturity, it seems to have reached its critical mass and it becomes more fragile under the threat of disunity. Table 4.1 above summarizes the major milestones in the construction of the European network during 50 years of shared history of its member states.

The growing number of members within the EU leads to a heterogeneity in the relational framework that may sometimes compromise the principle of union because the number of intermediaries and elected representatives increases. This weakens the weight of collective decision-making bodies when a decision is to be made by majority. On the political level, some issues bring to light conflicts of interest between member states, such as the Stability Pact or the role of the European Central Bank. This reveals the expansion limits of a network at risk of exploding because of increasing heterogeneity of perspectives, or imploding under the domination of the most influential states. It becomes useful for Europe and, therefore, its member states, to modify the exchange rules, to make them less complex and to find the balance between the interests of each country and the community issues. This is not an easy task, given the weight of historical legacy and rules deeply ingrained in the collective unconscious of the members.

So the history of the European Union shows that, as a network grows, it gradually reaches maturity, attaining the threshold effect in its growth. New problems of coordination and control arise when the number of links connecting members grows faster than the number of members. As the network expands it can lose its stability, and its social order can be challenged by a growing number of interacting members and complexity of coordination between these members. Indeed, the principle of social cohesion can be weakened by the fast growth of the EU network, which may call into question solidarity and moral agreement between members. To solve the issues of coordination and to reduce the complexity associated with the growth of the EU network, it would be recommended to avoid excessive official procedures and institutional regulation which cause the network's disintegration and insularity, such as when the founding members such as France and Germany seek to occupy hierarchical positions and define the rules of interaction in their favor, with the risk of gradually losing the network's flexibility and provoking inertia. It is also recommended to avoid the lack of formalism and institutional control which cause uncontrolled growth and the EU network's disintegration, such as when self-discipline becomes impossible and the new EU members are unable to meet applicable social standards. The principle "each for himself" may then succeed the principle of social grouping of the EU network, and may lead the members to refuse to participate in exchanges or to pool the resources. They may then leave the EU network and take away their relational capital, or monopolize

it and refuse to share it. Unable to occupy a central position, some EU members would occupy peripheral positions, and would depend entirely on relays if they want to expand their influence. They would develop weak relationships (Granovetter, 1985) with the relay. In the long run, if these weak relationships fail to evolve into strong relationships they may increase the social distance between EU actors and cause situations of isolation and conflict within the network.

Consequently, the EU network could lead to the disappointment of its members if self-management can no longer maintain a sustainable balance between social cohesion (network stability) and adaptability (network instability). Under these conditions, it is not unusual to observe changes in the form of network in order to restore social cohesion between the EU members and the adaptability of the EU network. In this concern, because the EU territory is too large, it would not be able to play a unifying role.

2.2.4 *The European Union as a network of networks*

Indeed, the European Union corresponds to a network of nation states according to Assens and Accard (2007), based on the principle of subsidiarity: member countries act within the framework of the national sovereignty until it is necessary to mutualize at the supranational level the resources and the skills to acquire a critical size in globalization. In this case, the European network structures itself to answer the evolution of external threats: the arrival of new worldwide competitors, the predictable shortage of natural resources, the systematic crisis of capitalism. This is a question of the member states of the European Union introducing more solidarity while preserving their sovereignty, with mechanisms of democratic governance.

In this particular case this network of nation states functions with bodies of supranational decision: the parliament, the Council of Ministers, the biannual rotating presidency. To complete these legislative and executive cogs, a convention sets up the charter of the values and the European identity, serving as a frame with the aim of extending towards new member states, and towards points of reference in the management of the interdependences: economic complementarities (the internal market of free trade, the cooperation strengthened in the common agricultural policy), financial complementarities (the creation of a single currency to stabilize parities) and social complementarities (the harmonization of the legislation within the framework of the Stability Pact).

These principles of governance are difficult to implement as the European Union extends (Assens 2013). At its constitution, the European Union contains five member countries. It is assimilated to a network of countries. Afterwards, with the extension of the geographical borders of the European Union and the progressive integration of 23 new member countries, this network of nation states is confronted with new problems of governance. In this union of 28 countries, the stakes consist in politically administering coalitions of nation states with regard to two tensions of contradictory evolutions: on one hand the interests of the dominant coalition of the founding member countries under the aegis of the French–German tandem, on the other hand the divergent interests of the coalition countries recently integrated in the south and east of Europe. Therefore in spite of the institutional crazy guards, the state members of the European Union sometimes evolve in a disorganized manner, with fights for influence. Thus, with the extension of its geographical borders, the European Union is transformed into a network of nation states.

Beyond the supranational dimension, this example dedicated to the European Union leads us to extend our discussion in the socio-political field at the national level of member countries. Beyond the difficulties of governance generated by the tensions of evolutions and the emergence of heterogeneous coalitions of member countries, the crisis of the sovereign debts pushes certain states such as France to lead actions based on multiple networks of public partners within the framework of decentralization (state-region contracts, links between local authorities) and/or of private partners within the framework of the consortium agreements (poles of competitiveness, private public partnerships, etc.).

In the field of public action, the notion of network took shape in the 1980s and 1990s under the impact of globalization, increased by the economic crisis which disrupted the functioning of the monolithic state and encouraged its fragmentation. Moreover, Kenis and Schneider (1991) attribute the emergence of these structures to the important changes at the level of governance and coordination of public action in the modern democracies, where decentralization became the keyword in the quest to mutualize public resources. Yet analysis in terms of networks of public action highlights the problems of coherence and efficiency in public action.

The network of public action can, according to Le Galès (1995), present the state as pierced by a multitude of networks, submitted to the conflicts of lobbying. Although the state remains a central actor, it sees its role

becoming commonplace by being transformed into an actor dependent on others in the elaboration and implementation of public policies.

On this matter, Jessop (1990) evokes the decay of the state and its loss of substance (“hollowing out of the State”). According to Pesqueux (2007), this loss of substance is due to the intervention of private companies in the general interest which questions the public monopoly, to such an extent that private management becomes one of the key factors of success in the public sphere in order to find margins of operations in times of shortage of public finance. The role of the state is modified as described in the report formulated by Leca (1994) which introduced the the notion of “hollow State”. As a consequence, governance starts to get focalized on the modes of coordination between the State and the various company’s networks (Kooiman, 1993), in order to promote and facilitate public action. Lorrain (1991) extends this reflection by evoking the interactions between the public and private sectors, which encourage the development of flexible mechanisms of governance which are neither totally trade, nor totally institutional.

In this measure, the networks of public action, of which the utility increases in a complex environment, can be defined themselves as the result of more or less stable, non- hierarchical cooperation between the organizations which know each other and recognize themselves, negotiate, exchange resources and can share standards and interests (Le Galès, 1995). They are determining in the definition of the diary and decision-making as well as the implementation of public action. The emergence of the networks of public action consequently offers the vision of a state which is not totally neutral and independent any more, and whose sovereignty is limited by the necessity of negotiating with multiple partners.

So with the sovereign debt crisis, the state is obliged to serve more citizens, more effectively , with fewer and fewer resources. The organization of the network then further sets the scale: besides the networks of public action, we see the emergence of private networks (networks of private companies), such as networks of public service provision (transport, energy, infrastructures, highways, etc.), of production and innovation, private–public hybrid networks justified by the quest for resources outside of the public sphere by means of the intermediate bodies (e.g. CCI¹ and unions), and in the dialogue of the citizen networks. Consequently the state becomes the core or the interface of a multitude of networks, with contradictory interests, which it has to control for the general interest.

In these conditions, the state has to govern public action by negotiating political agreements submitted to the contradictory influences of private and public lobbying. The general interest becomes a social construction in the crossroads of the contradictions between the corporatist interests of a multitude of actors.

The EU networks then take the shape of a supranational network of networks, where the fragmentation of the public power raises a problem of governance and leads us to pay attention to the actors capable of facilitating the interconnections: mediators who can be situated at the intersection of several networks, public and private (Jobert and Muller, 1987), and are therefore in a position to arbitrate in disputes (Boltanski and Thévenot, 1991). From now on, the importance of having the essential relays within the European institutions turns out to be strategic because the economic or political action harmonized within the network is inevitably preceded by fights of influence. To strengthen their presence and their influence permanently, member states such as France try to place national dispatched experts in strategic posts in the management of European institutions. They then ensure the role of mediators.

Thus, governance of the EU network of networks seems to be political, beyond the socio-economic dimensions, with a central position for mediators.

3 Case study 2: FREGIF (federation of gerontological health networks for elder persons in the Ile-de-France region)

Since their inception, gerontological health networks in Ile-de-France have developed close ties between each other to implement joint actions. In 2007, they united within a federation (FREGIF), which has all the characteristics of a network of networks.

Taking into consideration the current shortage of public funding, health authorities advocate multi-disciplinary projects for health networks operating on the given territory as well as pooling of all health coordination structures operating on the territory into a unique coordination platform. This project alters the boundaries of health networks and naturally leads to the demise of mono-disciplinary federations like FREGIF. The political factor, reflected in the strategies of actors, in lobbying and power games, and exacerbated by dependence on public funding,

appears to be crucial for the development of a national or even regional network of networks.

3.1 The historical context of health networks in France

Seniors have always been a talking point and a subject of symbolic representation for the dominant social actors. The discussion on aging and old age vacillates between positive representations and negative images. Today we note a discrepancy between social and biological old age and, while society more or less pays tribute to the retirement age, old age is often synonymous with disability and dependence.

In the late 1970s, the industrial recession resulting from the oil crisis puts an end to the policy of the “third age” (65 and older) as laid down in the Laroque Report,² with early retirement for aging workers. The perception of old age becomes that of dependence, and therefore political intervention is reduced to funding and monitoring of care provision. This social context gives birth to gerontological health networks.

Health networks in France draw their origins from the groupings that used to care for tuberculosis patients in the early twentieth century. But the first network organization between practitioners in the field and hospitals was only created in the 1970s, as part of the psychiatric reform which introduced psychiatric teams by sector. In the early 1970s gerontological networks dealing with home care of elderly people appeared. Later, in the mid-1980s, networks dedicated to AIDS pathologies and drug addiction were created. Subsequently, the concept extended to other pathologies such as palliative care, oncology, perinatal care, diabetes, and so on, thus adopting the general term of “health network”. Since 1996 the regulatory basis for these new entities as well as their public funding has been formalized. Gerontological health networks are the subject of this case study.

The complexity of frail seniors’ health necessitates mobilization of a wide range of actors as well as a proliferation of health providers and funding agencies throughout the French system. These needs challenge medical, welfare and social professionals in contact with this category of the population.

To this is added the problem of isolation resulting from the evolution of social attitudes and practices that give ever less weight to the family structure. The principle of the welfare state, standing alone, becomes insufficient. Acting in community and at local level becomes prerequisite.

Thus, gerontological health networks have been created on the initiative of the practitioners in the field, leading to the formation of FREGIF.

3.2 FREGIF, a network of networks

3.2.1 *Gerontological health care networks in France*

Gerontological health networks have health, administrative and social departments. Their objective is to identify the frail elderly people, to make a complete diagnosis in their homes, to develop a personalized health plan (PSP) and to ensure its implementation. This work is aimed at supporting a treating physician. They also support caregivers (family members, etc.) of frail seniors. Three main factors justify the choice of network organization:

- ▶ The diversity of pathologies of frail elderly population makes it impossible to join all the specialists within a single structure. At this age it is very common that physical disorders are closely followed by mental ones, requiring urgent intervention by several health experts. Furthermore, it is difficult to access all the actors separately, especially for frail and dependent elderly people. Cost constraints (growing care demand, risk of opportunism, etc.) and the scarcity of specialists in certain fields and certain regions (medical deserts) prompt the need for a more flexible structure that promotes cooperation to help frail elderly people. Organization into gerontological health networks therefore proves to be suitable.
- ▶ The under-capacity of traditional care and treatment providers for frail and dependent elderly people is worsened by the ever-growing size of the aging population. It therefore seems unrealistic to care for all frail seniors in hospitals, especially since the construction and equipment of such structures require big budgets and a large number of specialists. At present, neither the budget nor the specialized human resources are available and prospects for the near future are not very promising. For the same reasons mentioned above, resorting to the market does not seem to be of much help. Again, the need for an organizational mode that enables home care for frail seniors, as long as it is possible, is required. A network organization is thus legitimized.
- ▶ The large number of care providers and funding agencies makes it difficult to provide a service. The care providers (hospitals, independent specialists, social actors, etc.) and welfare bodies

(social insurance, regional councils, regional health agencies, etc.) are scattered. The gerontological health network aims to put in touch hospitals, funding bodies and health experts to provide better care for the frail elderly population. The networks are thus organized into a coordination center .

To provide the necessary support for gerontological care, an interface between member networks and public institutions is created: FREGIF.

3.2.2 *Creation of FREGIF*

Since their inception, gerontological health networks of Ile-de-France have aimed to develop close links that allow them to implement joint actions. In May 2006, they met as the Memory Resources and Research Center of Ile-de-France. Thereafter, changes in funding arrangements and the development of health and social gerontological regional networking encouraged them to formalize their cooperation by creating a federation that took the name of *Federation des Réseaux de Santé Gériatrique d'Ile-de-France* (FREGIF). A constitutive general assembly including five members was held on February 6, 2007. It appears in the official gazette on April 28, 2007. Article 3 specifies FREGIF's legal regime: it is a "union of associations and groups, governed by the law dated July 1, 1901, the Decree of August 16 and Article 7 in particular". Its objective is to "facilitate, improve and develop the missions of gerontological health networks and ensure their representation and defense of their material and moral rights and interests".

Practically, FREGIF has two types of objectives: overall objectives (lobbying, project development, etc.) and operational objectives (communication, training, etc.).

Over time, FREGIF membership has grown in number. In 2014 FREGIF included 22 member networks covering the Ile-de-France area. Each network covers a designated territory, which is a department, a part of a department, or a district as in Paris.

3.2.3 *FREGIF as a network of networks*

According to the theory of organizations, in 2014 FREGIF is a network in itself. It includes all the components of a network (Assens, 2003):

- ▶ *Node*: FREGIF in 2014 has 22 gerontological health member networks covering the region of Ile-de-France. Each network is a node that has an autonomous legal status and operates on a

given territory. Each network defines its own action strategy to successfully fulfill its missions on its territory. FREGIF plays a leading role in representation and promotion of gerontological health networks in Ile-de-France.

- ▶ *Connection*: FREGIF member networks consult each other to share their experience. The federation promotes the creation of joint projects. These are intangible connections (human investment essentially), but also unilateral hardware connections (logistics support), or first- and second-degree connections (partnerships with institutions – pension funds, associations, etc.).
- ▶ *Position*: FREGIF occupies a central position. It is at the crossroads of exchanges and it has an overall view of the network. We also note that the position of some member networks may be characterized as a “marginal secant” because of their multidisciplinary nature and their adherence to several federations.
- ▶ *Unity in diversity*: FREGIF includes 22 member networks covering the Ile-de-France area. Each network has its own specificity and identity but together they convey a principle of shared identity which is reflected in their common goal of improving care provision to the frail elderly population of Ile-de-France, to enable them to live as long as possible at their home should they so wish.
- ▶ *Autonomy*: FREGIF is composed of associations and groups which are legally separate entities, each responsible for its designated territory. Stampa et al. (2008, p.113) note that “some networks have original features that meet specific local needs”, which affects their actions on the ground. For example, some networks incorporate occupational therapists in their teams of therapists to conduct home health assessments, and other networks use the services of liberal psychologists to provide psychological support for a patient’s family.
- ▶ *Interdependence*: complementarity between FREGIF member networks lies in the fact that each network provides gerontological care on its territory in order to cover the whole region of Ile-de-France. Coordination tools implemented by FREGIF (a professional directory, an on-call system, etc.) are common interfaces among all member networks.

Accordingly, FREGIF in 2014 is a network of networks. In this network of networks, the federation is primarily in charge of coordination, defense of member networks’ interests and their representations

with third parties, pooling of human, technical and financial resources for better efficiency, development of standards and protocols, and promotion of the activity of gerontological networks in Ile-de-France.

FREGIF's member networks are autonomous, responsible for their own development, but also interdependent. The autonomy of member networks is perceived through their independent management of gerontological care on their territory. And interdependence is seen in the complementarity of their coverage of the Ile-de-France region and in the similarity of issues encountered while implementing their activities. It helps them to respond to the projects of health authorities concerning them together and jointly. Moreover, they share a common denominator that unites them in their diversity.

Joining the federation is beneficial to network members in terms of exchange, transfer, sharing and learning. It gives them an effect of size through pooling human, technical and financial means. The federation makes them more flexible and saves them time by representing them with public authorities and research bodies.

At the center of this network of networks, the federation has the role of pilot and coordinates and adjusts exchanges; in the case of safety risk or malfunction it operates in a more directive manner. The recommendations of the federation are advisory in most cases, except for the decisions taken by the board or in cases of non-compliance with its charter, when its advice becomes enforceable. It represents the collective agent within the limits of consent of its member networks.

FREGIF plays the role of an architect who defines the borders of this network of networks. It also acts as project manager overseeing the collective action through coordination and control of exchanges, ensuring connection and disseminating information. It's a guarantor of the unity which monitors changes of the common denominator, and controls the degree of homogeneity of the members.

To determine to what type of network (according to the classification of Provan and Kenis, 2007) FREGIF belongs in 2014, we focus on three basic dimensions defined by Moreau Defarges (2003). The network architecture, the founding pact and the rule of relational game will help to better understand the bargaining power of the members and the nature of their relationships.

By its nature, FREGIF (a "union of associations and groupings"³) is part of the social and solidarity economy which addresses socially useful

organizations. Its founding pact is expressed by solidarity based on *affectio sociatis*, with a charter of rights and duties in favor of equal treatment of all frail elderly residents of Ile-de-France. Its objective is to ensure gerontological coordination to allow the elderly population receive health care at their home for as long as possible, should they so wish. Since its creation it has promoted cooptation between new members and the founders. It encourages trust and cooperation and reduces moral hazard.

The network architecture of FREGIF is a grid of networks each represented in its general assembly by its rotating president. The federation occupies a central position in this grid. The network boundaries are mainly geographical, each network covering a specific territory, which can be a department, a part of a department or a district.

As far as the rule of relational game is concerned, governance is held by a board of directors whose mission is to administer and manage the federation (Article 12 of the Statute of FREGIF). The council of administration (CA) consists of the elected legal representatives “of each corporate member of the federation or their duly authorized representatives” (Article 12.1). The conditions for voting are specified in Article 12.2. The conditions of CA deliberations are specified in Article 13, and Article 14 defines the organization of board meetings (ordinary and extraordinary). The CA’s composition and duties are set out in Article 15. The CA meets to deliberate on of four technical committees: the technical committee for assessment, the technical committee for specific exemptions, the technical committee for computerization and the technical training committee (Article 16). The functions of the technical committees are defined in Article 17. The attributes of the chairman of the board are set out in Article 18, those of vice presidents in Article 19, those of secretary general in Article 20, those of deputy secretary general in Article 21, those of treasurer in Article 22 and those of deputy treasurer in Article 23.

We can then conclude that FREGIF is an example of democratic governance; it adopts participatory management methods in a socially useful perspective. This confirms its positioning in the social and solidarity economy and, according to the classification of Provan and Kenis (2007), can be referred to as an administered governed network.

Furthermore, the activity of gerontological networks is backed up by the creation of a federation which acts as an interface between member networks and public institutions. Stampa et al. (2008)

consider that the federation is created with a view to develop the missions of gerontological networks, particularly in terms of coordination and cooperation between them, dissemination of information on their missions to health professionals, representation and lobbying with public authorities, and participation in reflexion and research in the fields of member networks' activity.

3.2.4 *FREGIF and the multi-themed health networks project*

Following the recommendation of the *Agence Régionale de Santé* (regional health agency, ARS), mono-disciplinary health networks are becoming multi-disciplinary and induce the mono-disciplinary federations to move in the same direction, on the one hand, at the request of supervisory authorities to create a single representative structure for all health networks regardless of their specialization, and, on the other hand, on the initiative of health networks which became multi-disciplinary themselves.

Also, this project promotes development of closer ties with health networks belonging to other coordination bodies on a territory, such as associations for integration of health care and assistance with seniors, local information and coordination centers, home care nursing services, home help and support services, and home-based hospitalization providers.⁴

This project prompts changes in FREGIF's composition. Some of its networks disappear, either because they become a part of other networks, or because they disapprove of the regional hospitalization agency's projects on their territory and have to shut down for lack of funding. FREGIF also acquires new member networks that have changed their specialization to gerontology. Furthermore, some nodes merge to create a new network. This leads to the disappearance of certain nodes and the creation of new ones with more influence but less commitment to gerontology because of their multi-disciplinary nature. The weakening of the common denominator and growing imbalance of power is the logical consequence for a structure which is no longer united by gerontology. In the medium and long term, the relational game may also undergo significant changes with the creation of a single representation body for health networks of any specialization. The final version of this structure is being created now; for some it takes the shape of a "federation of federations" that brings together federation clusters by their specialization, while for others it loses the

characteristics of a federation to become a single representation body in which the federations will become pools of resources by specialization and perform strategic monitoring. As far as the supervisory authorities disapprove of advocacy and lobbying but are favorable to the creation of a representation body to become their sole interlocutor, the second version seems to be more likely. Taking into consideration the multi-disciplinary trend of health coordination structures that emphasizes the strategies of individual and collective actors within mono-disciplinary networks and federations that are subject to the same trend, and the issues concerning power struggles and lobbying, FREGIF, which may be defined as a network of networks or participant governed network strongly dependent on public funding, risks breaking up.

Thus, FREGIF's fundamental elements are challenged: the networks are losing their common denominator, the network architecture is becoming unbalanced, and its mutating relational game tends to alter the nature of FREGIF and turn it into a resource pool and strategic monitoring center. FREGIF seems to have reached the end of its life cycle.

Within the network organization, the relationship of trust is the main catalyst for action. The networks unite with each other into a federation to pool human, technical and financial capital, to promote exchanges between them and to enhance the advocacy of their interests with public bodies. The expansion of network borders and therefore those of the federation, the network multi-disciplinary nature and the authorities' requirement to create a health platform are undermining trust which loses its unifying role due to increasing complexity. The political factor, expressed in strategies of individual and collective actors or in lobbying, seems amplified in this project. The latter is changing the boundaries of multi-disciplinary member networks and their mono-disciplinary federations. Furthermore, their dependence on public funding reduces the flexibility of both. The changes in regulation towards health coordination platforms contributes also to a merger of networks and federations. In this context, the role of actors belonging to several thematic health networks or to several health network federations seems crucial. The power and the personal networks of these actors seems to be determinant for the evolution of the federations of health networks. These actors play the role of mediators, forming a hard core of influencing actors surrounded by less powerful peripheral actors, and occupying the role of third-actor

or broker as defined by Burt (1992), positioned in the structural holes in the intersection of several coalitions. This creates power struggles and fosters the search for compromise, with political alliances between various coalitions.

The case of FREGIF is interesting because its results are potentially transferable to other public and non-market sectors subject to merger projects due to the fact that FREGIF has the key dimensions of any entity. It contains the vector of specialty (health), a social vector (old age and dependency), economic and financial vectors (public funding) and an institutional vector (the organization and monitoring of guardianship).

So in those two case studies, we have noticed that when the solidarity links in a network are no longer federated to the unique network level, but to a multitude of networks connected to one another, this will lead it to approach the political dimension of governance, in addition to the socio-economic dimensions, where mediators occupy a central position.

We have observed that as the EU network expands, it takes the shape of a supranational network of networks and becomes unstable. The social order can then be put into question, because of the increasing number of interactions and the increasing difficulties of coordination between nation states.

We have also observed that FREGIF, by the networking and aggregation of the gerontological health care networks in every department of the territory of Ile-de-France, becomes a network of networks. Due to an unstable environment because of the multi- thematism health networks project imposed by health authorities, the principle of social cohesion still holds, but is susceptible to questions about the complicity and the moral contract between the networks and the federation members.

So in both cases, there's an evolution from a unipolar network to a federation of multipolar networks. Throughout this process, the network will be integrating new governance issues, due to increasing coordination problems, to moral hazard that weakens the social cohesion, and to the emergence of multiple coalitions with divergent objectives. This makes it necessary to approach the political dimension of governance, in addition to the socio-economic dimensions. The mediators, positioned at the intersection of several coalitions, seem then to be determinant, to facilitate the interconnections and a better administration of the coalition of power.

Notes

- 1 Chambre de Commerce et d'Industrie (Chamber of Trading and Industry)
- 2 Mr. Pierre Laroque, founder of the social protection system in France, founder of the National Foundation of Gerontology (FNG), and president of a specialized committee to set policy for old age, published in 1962 a report entitled "*Old Age Policy*", which will serve for decades as a basis for reflection in this area.
- 3 According to Article 3 of the Statute of FREGIF.
- 4 MAIA, CLIC, SSIAD, SAAD, HAD (see List of Abbreviations).

Conclusion

Abstract: *The major problem we raise in this book concerns the governance of the network, when it extends its frontiers to integrate other networks. To develop this reflection, in the first chapter, we have presented theories about network governance. In the second chapter, we have directed our attention on the governance of the network following different typologies, that is “Steered network”, “Distributed network”, “Administered network”. In the third chapter, we have evoked governance issues when network growth becomes a “Network of networks”. In a “Network of networks”, it is a question of finding new federative mechanisms which exceed the simple relationship of trust. For that purpose, it is advisable to lean on multi-purpose mediators, whose membership in several political coalitions indicates them as heads of networks. In the fourth chapter, we have examined two case studies that enlightened us on the governance of a “Network of networks” issue.*

Keywords: mediators; network; network of networks

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By definition, a network is a collaborative structure, whose conventions of exchange are dependent neither on the market nor on the hierarchy, according to Powell (1990) and Williamson (1991). The organization of network is constituted by several partners who are autonomous in their financial, legal and/or managerial strategies, but who are also mutually dependent in order to reach common goals.

As in an ecosystem, as defined by Moore (1996), the network nourishes exchanges with the exterior which urges it to widen its sphere of influence, by extending ceaselessly its own limits of influence. But the more the network extends the less it becomes easy to govern, because of the increasing number of elements in interaction.

So, one of the major problems which we raise in this book concerns governance of the network, in terms of decision making and distribution of tasks, that is, the way the collective interest is managed by harmonizing the relations when the network extends its frontiers to integrate other networks, without damaging the autonomy at the individual level, and the specificity of the relations.

This issue is not simple to solve, as traditional theories of governance (the control exercised by the board of directors in the private company, the control exercised by the guardianship of the state in the financing of public bodies) cannot apply to a network: the network still has no clearly established legal, territorial or capitalistic borders; the network can evolve in a hybrid universe, either public or private; the network is still not embodied by a collective actor having the legitimacy to discipline the members.

To develop this reflection, in Chapter 1 we presented theories about network governance, in order to introduce governance issues raised by the modification of frontiers within a network, leading to the appearance of a network of networks. We observed that the principles of good governance set up in the UNDP, that is, the legitimacy, the orientation, the efficiency, the accountability and the equity, are not always respected in the governance of networks. The network does not always shows a stainless example of good governance, undeviatingly respectful of democratic principles.

In order to analyze the evolution of network boundaries with reference to Freeman's (1984) stakeholder theory, we directed our attention in Chapter 2 to governance of the network following different typologies. As networks don't necessarily function following the same principles, we laid out the dimensions of network governance identified by Moreau Defarges (2003) (the founding pact, the network architecture, and the rule of relational game), and the classification of networks of firms into three types as

elaborated by Provan and Kenis (2007): a steered network centered on the firm with a hierarchical governance, a distributed auto-governed network where the firm and the stakeholders are considered equal in interactions and decision making, and an administered network where governance is democratic and is institutionalized in a collective structure with representatives of the firm and its stakeholders. In all the scenarios, the mechanisms of governance are based on the relationship of trust, which exceeds simple economic logic. Gradually, the network is driven to check the uncertainty of the environment by integrating over time the primary and secondary stakeholders into the network as defined by Freeman (2008).

In Chapter 3, we evoked governance issues when a network grew to become a network of networks. Through the three types of network – distributed, administered and steered – we noted that the globalization of the transactions and the social media role push the traditional network boundaries to evolve through integrating other networks. With the extension of network borders under the influence of the accession of stakeholder membership organized in networks, associations, federations and coalitions of all kinds, the confidence notion could progressively lose its federative role. The reticular organization will then be transformed. It evolves towards a network of networks form, where the initial confidence based on shared values could be diluted in groups with sometimes divergent interests, such as public action submitted to the growing influence of pressure groups engaged in lobbying. In consequence, the network organization frontiers/borders can extend. The passage to a network of networks comes with an evolution in the logic of governance. In a network of networks assimilated to a collective of collectives, this is a question of finding new federative mechanisms which exceed the simple relationship of trust. For that purpose, it is advisable to lean on multi-purpose mediators, whose membership in several political coalitions indicates them as heads of networks.

In this context, governance takes political and socio-economic dimensions, where it is a question of finding the best way of distributing decision-making power between the mediators, either on an asymmetric basis which risks provoking blockings within the structure for purposes of equity in the representativeness of all the coalitions, or on a strictly egalitarian basis that risks introducing too much conformity into the structure, with the search for a loose consensus, where the assistantship can be encouraged and the entrepreneurship can be discouraged. Table C.1 below summarizes the stakes in governance, at the level of a network and a network of networks.

TABLE C.1 *Governance issues for networks and networks of networks*

Network Socio-economic governance	Network of networks Political and socio-economic governance
<p>In a network, governance rests on a pact of solidarity to federate multiple authorities. The feeling of membership in the network creates some confidence and confers some value to the relations. The growth of a member of the network cannot be made to the detriment of the others, the freedom to act relying on moderation in the exchanges. This moderation is not necessarily codified. Consequently, governance of a network is socio-economical.</p> <p>Example : MACIF</p>	<p>In a network of networks, governance aims at federating coalitions composed of multiple authorities, within which confidence exists and between whom rivalries of power remain. There are thus stakes in the power of a coalition (member network) compared with the other network members, whom we find in the political negotiation on the evolution of the rules of membership and exchange in the network. Consequently, governance of a network of networks is political and socio-economic, and is centered on the game of intermediation of mediators who occupy a function of third-actor positioned in the structural holes at the intersection of several coalitions. They play the roles of informer, translator, broker and facilitator.</p> <p>Examples : the European Union, FREGIF</p>

In Chapter 4, we examined two case studies that enlightened us on the governance of a network of networks, when the solidarity links are no longer federated to the unique network level but to a multitude of networks connected to one another. This led us to approach the political dimension of governance, in addition to the socio-economic dimensions. We presented a case study on a subnational network of networks, the European Union, and a case study on a national regional network of networks, FREGIF.

After a presentation of the network of countries in the European Union, we focused on its construction, its expansion with the emergence of multiple coalition states, and its maturity through the institutionalization process that affected the network's governance principles. The institutionalization process aims to better regulate the growing number of relationships and to take collective decisions that remain legitimate. Convergence criteria are also defined. The enlargement to 27 countries makes the institutional rules of co-management less efficient. The principle of network expansion threatens the search for consensus as co-management becomes more difficult to implement as the network grows, due to the growing number of points of view and conflicting

interests. The network seems to have reached its critical mass and it becomes more fragile under the threat of disunity. The heterogeneity in the relational frame and conflicts of interest between member states may sometimes compromise the principle of union because the number of intermediaries and elected representatives increases. This weakens the weight of collective decision-making bodies.

As the network expands it loses its stability, and its social order is challenged by the growing number of interacting members and complexity of coordination between these members. This reveals the expansion limits of the network at risk of exploding because of increasing heterogeneity of perspectives, or imploding under the domination of the most influential states. Indeed, the principle of social cohesion cannot resist the fast growth of the network. To solve the issues of coordination and to reduce the complexity associated with network growth, two potential risks need to be avoided. The first is related to excessive official procedures and institutional regulation which reduce the network's flexibility, provoke inertia, and cause the network's disintegration and insularity. The second is related to the lack of formalism and institutional control, which develop weak relationships (Granovetter, 1985) and increase the social distance between actors, causing uncontrolled growth and a situation of isolation and conflict which lead to the network's disintegration.

The European Union, as a network, works on the principle of subsidiarity, where member countries act within the framework of the national sovereignty until it is necessary to mutualize at the supranational level the resources and the skills to acquire a critical size in the globalization. In this case, the European network structures itself to answer the evolution of the external threats. In order to introduce more solidarity while preserving their sovereignty, this network of nation states functions with bodies of supranational decision and a charter of values and European identity. This frame serves as a point of reference in the extension towards new member states, and in the management of economic, financial and social complementarities. With the extension of the geographical borders of the European Union and the integration of new member countries, these principles of governance become difficult to implement. The stakes consist then in politically administering coalitions of nation states with regard to tensions in contradictory coalitions.

Beyond the supranational dimension and the difficulties of governance generated by the tensions of evolution and the emergence of heterogeneous coalitions of member countries, the member states seem to lose substance

due to the emergence of multiple networks of public parties within the framework of the decentralization, and/or of private partners within the framework of consortium agreements. The European Union sees its role becoming commonplace by being transformed into a dependent actor of others in the implementation of public policies. These networks disrupt the functioning of the monolithic state and encourage its fragmentation, as it seems to be pierced by a multitude of networks submitted to the conflict of lobbying. The EU network then takes the shape of a network of networks, where the political dimension in governance becomes as important as the socio-economic dimensions. As a consequence, the governance issue is sent back, according to Kooiman (1993), in modes of coordination between the state and the various network societies.

In the FREGIF case, longer life expectancy, a shortage of funding and sometimes humans resources (specialists) are compelling changes. The organization of the health sector is being reconstructed. Sharing is the watchword. Pooling of structures and funding to deliver greater efficiency is under way. Naturally, the gerontological health networks and their federation are also concerned by the project. The merging of mono-disciplinary health networks in different areas (gerontology, palliative care, oncology, Alzheimer's, etc.) into a single multi-disciplinary health network will logically prompt the federations to merge as well. Economically speaking, the network that is supposed to provide answers to how to "do more with less" through its culture of cooperation, resource sharing and collective learning is in peril of losing agility in the merge. Although the bigger size can be a source of advantage, it may also put an additional burden on the system, by making it more complex, which will increase coordination costs and generate control problems. Consequently, gerontological care could increase in cost or fall in quality.

Thus, the evolution of a network of networks such as FREGIF seems to be strongly influenced by the political dimension, together with social and economic ones. The role of actors belonging to several thematic health networks or to several federations of health networks seems crucial. The power and the personal networks of these actors seem to be determinants for the evolution of the federations of health networks.

The fragmentation of public power in the case of the European Union network of networks, and the dilution of the federation actors' power due to the multi specialism project in the case of the FREGIF network of networks, raise the problem of governance and leads us to pay attention

to the actors capable of facilitating the interconnections: mediators who can be situated at the intersection of several networks, public and private, and are therefore in a position to arbitrate in disputes (Boltanski and Thévenot, 1991). These mediators occupy the role of third-actor positioned in the structural holes at the intersection of several coalitions (Jobert and Muller, 1987). They play the role of informer to form a relationship between potential partners which have never collaborated in the past, because they belong to different networks, for example. They play the role of broker as defined by Burt (1992), and translator as defined by Callon (1986), by harmonizing the individual stakes in every coalition, in a collective representation of all the coalitions. They also play the role of facilitator as defined by McEvily and Zaheer (2004), by creating and harmonizing the various levels of trust among the members of the networks moving towards a network of networks form. They form a hard core of influencing actors surrounded by less powerful peripheral actors, and occupy structural holes at the intersection of several coalitions. This creates power struggles and fosters the search for compromise, with political alliances between various coalitions. Consequently, governance of a network of networks seems to be centered on the game of intermediation of mediators.

The nature of governance of a network of networks is then political and socio-economic. It seems to take the shape of an administered network where the collective structure is managed by the mediators to direct collective action. Collective decisions seem to be dependent on the “power” held by the various mediators, leading to power struggles and the fostering of political alliances between various coalitions within the network (Scott, 1991; Degenne and Forsé, 1994).

These reports of domination in the conquest of power can paralyze governance in the network of networks, sometimes leading to the structure splitting into autonomous subnetworks or changing its nature, to allow the actors to find flexibility of functioning, or because of environmental constraints, as in the case of FREGIF. On the contrary, a search for a purely egalitarian balance in the power games can be harmful to governance, as the crisis of institutional governance in the European Union reveals.

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