Collaborative Governance for Local Economic Development

Although collaborations for local and regional economic development have been popular in recent years, it is not yet wholly clear when or how such efforts bring successful outcomes. Using an integrative conceptual framework for collaborative governance, this innovative collection provides a systematic and interdisciplinary analysis of real-world collaborative networks for local and regional economic development.

Focusing on a wide range of collaborative economic development in diverse cities and regions in the U.S.A, Canada, Germany, India, Italy, and South Korea, the chapters explore what forces motivate the emergence of collaborative economic development efforts. Each chapter explores the factors which contribute to or hinder collaborative governance efforts for economic development and identifies lessons for overcoming challenges to creating communities that are economically resilient, environmentally sustainable, and politically engaged in the era of globalization.

By focusing on collaborative governance and its implications for the ability of policies to meet the challenges of the 21st century, it provides lessons for researchers in public management, urban planning/development, public policy, and political science, as well as practitioners interested in promoting local economic development.

Denita Cepiku is Associate Professor in Public Management at the University of Rome “Tor Vergata,” where she teaches Business Administration and Global Public Management and serves as the coordinator of the PhD program track in Public Management and Governance.

So Hee Jeon is Associate Professor and undergraduate director of the Public and Nonprofit Administration program in the Department of Political Science and Public Administration at Central Michigan University.

David K. Jesuit is Professor in the Department of Political Science and Public Administration at Central Michigan University and Chair of his Department.
The study and practice of public management has undergone profound changes across the world. Over the last quarter century, we have seen

- increasing criticism of public administration as the over-arching framework for the provision of public services,
- the rise (and critical appraisal) of the “New Public Management” as an emergent paradigm for the provision of public services,
- the transformation of the “public sector” into the cross-sectoral provision of public services, and
- the growth of the governance of inter-organizational relationship as an essential element in the provision of public services.

In reality, these trends have not so much replaced each other as elided or coexisted together – the public policy processes have not gone away as a legitimate topic of study, intra-organizational management continues to be essential to the efficient provision of public services, whilst the governance of inter-organizational and inter-sectoral relationships is now essential to the effective provision of these services.

Further, whilst the study of public management has been enriched by the contribution of a range of insights from the “mainstream” management literature, it has also contributed to this literature in such areas as networks and inter-organizational collaboration, innovation, and stakeholder theory.

This series is dedicated to presenting and critiquing this important body of theory and empirical study. It will publish books that both explore and evaluate the emergent and developing nature of public administration, management, and governance (in theory and practice) and examine the relationship with and contribution to the over-arching disciplines of management and organizational sociology.

Books in the series will be of interest to academics and researchers in this field, students undertaking advanced studies of it as part of their undergraduate or postgraduate degree and reflective policymakers and practitioners.
Crossing Boundaries in Public Policy and Management
Tackling the Critical Challenges
*Edited by Luke Craven, Helen Dickinson and Gemma Carey*

Public Administration Reformation
Market Demand from Public Organizations
*Yogesh K. Dwivedi, Mahmud Shareef, Sanjay K Pandey and Vinod Kumar*

The Projectification of the Public Sector
*Edited by Damian Hodgson, Mats Fred, Simon Bailey, and Patrik Hall*

Ethics Management in the Public Service
A Sensory-based Strategy
*Liz Ireni-Saban and Galit Berdugo*

Critical Perspectives on the Management and Organization of Emergency Services
*Edited by Paresh Wankhade, Leo McCann, and Pete Murphy*

Public Service Management and Asylum
Co-production, Inclusion and Citizenship
*Kirsty Strokosch*

Networks and Collaboration in the Public Sector
Essential research approaches, methodologies and analytic tools
*Edited by Joris Voets, Robyn Keast and Christopher Koliba*

Collaborative Governance for Local Economic Development
Lessons from Countries around the World
*Edited by Denita Cepiku, So Hee Jeon, and David K. Jesuit*

Collaborative Governance for Local Economic Development
Lessons from Countries around the World

Edited by Denita Cepiku, So Hee Jeon, and David K. Jesuit
# Contents

*Preface*  ix  
*Foreword: overcoming adversity through collaborative efforts*  x  
HONORABLE DAN KILDEE

## Introduction  1

1 From competition to collaboration: using cultural attractions to transform economic development strategies in the Detroit metropolitan region  15  
THOMAS GREITENS AND NANCY QUARLES

2 Windsor: an international border city in Detroit’s shadow  30  
ROBERT HEUTON

3 Next steps for social impact bonds: moving from an economic tool to a trust-based collaboration  49  
EMMA POWELL

4 Collaboration among informal organizations to manage informal urban transport in Indian cities  65  
ARINDAM BISWAS AND MOHIT DEV

5 Collaborative networks for regional economic development: an examination of the Mega-Economic Regions (MERs) in South Korea  89  
EUNOK IM AND SO HEE JEON

6 Urban regeneration as a collaborative effort – strategic responses to decline in East Germany  112  
NEBOJŠA ĆAMPRAG
Contents

7 Collaborative governance for urban regeneration in Italy 135
   DENITA CEPIKU, ELONA GUGA, AND BENEDETTA MARCHESE

Conclusion: coming full circle 151
   RICK S. KURTZ

Editor biographies 162
List of contributors 163
Index 164
Preface

This volume represents the continued intellectual collaboration of scholars and practitioners under the auspices of the Transnational Initiative on Governance Research and Education Network, or “TIGRE Net.” This international group of scholars, students, and field specialists is dedicated to identifying the opportunities and challenges public managers confront in the global economy and to providing them with the strategies and skills necessary to overcome obstacles to domestic, cross-border, and international coordination. Outputs from the TIGRE Net include several academic conferences and workshops, which have been supported by a grant from the Canadian Social Science and Humanities Research Council (SSHRC) and academic partners in the U.S., Italy, and Canada. Research from these events has been published in a number of academic outlets, including several edited collections. The most recent edited volume resulting from TIGRE Net collaboration is entitled Public Policy, Governance and Polarization: Making Governance Work, published by Routledge (2017). Previous volumes include Governance and Public Management: Strategic Foundations for Volatile Times (2014), also published by Routledge, and Making Multilevel Governance Work: Lessons from Europe and North America (2012), published by CRC Press. Outcomes from TIGRE Net have also been published in journals such as the International Journal of Public Administration (IJPA) and the International Journal of Public Sector Management (IJPSM). Core partners of TIGRE Net include universities in the U.S. (Central Michigan University & California State–Long Beach), Italy (the University of Rome “Tor Vergata” & the University of Macerata), and Canada (Memorial University [St. Johns], York University [Toronto], and Brock University [St. Catharines]).
Imagine sitting on your front porch and looking around your neighborhood, only to see that the homes next to yours are abandoned and dilapidated. Imagine having to call the fire department in an emergency, only for it to take hours for someone to show up, if they show up at all. Imagine turning on the tap and not being able to trust the water for drinking, cooking, or bathing.

For many, this may seem like make-believe imagery. But for many living in my hometown of Flint, Michigan, this is their daily reality. And for millions of people living in older, industrial communities, countless other families face similar challenges because they live in places that continue to experience significant economic stress.

My hometown of Flint has captured many newspaper headlines in recent years due to the water crisis. But even before this human-made tragedy, Flint faced obstacles seen in many older, industrial cities and towns: population loss, the outsourcing of jobs, and rampant blight. While some have dismissed these challenges as unique to Flint, what is happening to my hometown isn’t some anomaly. Rather, Flint is a warning.

There are dozens of communities in every region of the country – Youngstown, Ohio; Gary, Indiana; Buffalo, New York – that face economic stress so great that it threatens their solvency. Unfortunately, many of these places have been left behind by current public policy, completely lost in the national conversation. Despite lower unemployment and job creation across the U.S., many of these cities and towns are still struggling with the transition from the old to the new economy. And current public policy – or lack thereof – makes it nearly impossible for these older, industrial communities to compete in today’s economy. Many of these places struggle with the basic elements of a civilized society: tackling blight, maintaining police and fire, and managing aging water systems that are one mistake away from catastrophe.
When I was first elected to Congress, I hoped that if I worked hard, I could eventually get a seat at the table with those working on behalf of these older, industrial communities. But after I arrived in Washington, I realized there were very few actual conversations happening amongst Members of Congress, and no comprehensive legislation to address the unique needs of America’s cities and towns.

Right now, there are only a few existing community development programs at the federal level. Those that do exist – like the U.S. Department of Housing and Urban Development’s Community Development Block Grant program (CDBG) – have consistently been cut over the last decade, by almost 40%. These steep cuts have coincided with increased demand for the program. In 2003, around 1,000 communities received CDBG funding. By 2017, that number had risen to over 1,200. Despite a 20% increase in outlays, the federal government cut CDBG funding by 39%, meaning America’s cities and towns have been forced to do more with less.

At the same time, many states also cut support for basic municipal services. Since 2001, the state of Michigan cut revenue sharing to local communities by over $6 billion, according to the nonpartisan Michigan Municipal League. In Flint alone, state revenue sharing was cut by $54.9 million by the end of 2014. That amount of investment could have paid Flint’s entire deficit and bond debts while still leaving millions in surplus.

It cannot be overstated how much of an impact this reduced funding has had at the local level. Because of budget cuts and extreme austerity measures, a whole subset of America’s cities and towns are struggling to provide basic public services to their residents, including police, fire, and trash pick-up.

In the face of such extreme budget cuts, foundations, nonprofits, and the private sector have attempted to step up and fill the void. Their efforts have helped, but with direct state and federal support to cities and towns at its lowest levels in decades, philanthropy can’t come close to replacing these investments in basic services.

America’s cities and towns are worth supporting, for the sake of the people who live there and for our society as a whole. These are unique places where millions of people work, live, and raise a family. Across America, cities are places that are creative, inventive, and ingenious. That ingenuity connects and creates incredible, great big ideas.

Going forward, we must rethink the way we support America’s cities and towns. We need to change the way policymakers approach, think about, and ultimately invest in these places. We must have an honest national conversation around communities like Flint and many others to ensure that policymakers understand what is at stake. We need a new “Marshall Plan” for these communities to inject new economic redevelopment into these places, including through more collaboration across all levels of government and the private sector.

At the state and federal level, we need a coherent and intentional policy that supports increased opportunity, promotes growth, and recognizes that
our national interest includes strong, vibrant cities and towns. This includes making necessary changes to existing community development programs like CDBG while also targeting new investments in these older, industrial communities. Because of its potential size and scale, a nationwide infrastructure project has the immediate potential to inject new capital, economic growth, and jobs into these places, and we must approach such public policy with a focus on these fiscally stressed communities.

Additional collaboration between government, communities, nonpros - its, and private entities will also be an important factor. Indeed, we have already seen the benefits of such projects in my district. The redevelopment of Bay City’s downtown is a prime example of the good that can be accomplished through collaborative public-private partnerships between business owners and government. The storefronts are full, the historic buildings are being redeveloped for mixed use, and people are moving back into the city. Through the power of gathering resources and cooperating to breathe new life into the community, Bay City is just one of many success stories throughout the state.

While the water crisis has dominated Flint headlines over the past few years, the city has also been the beneficiary of successful public-private partnerships. The Genesee County Land Bank, which serves Flint, came out of collaboration between local and state governments, turning vacant and abandoned properties into vibrant places. Since the 1970s, Flint had lost nearly half of its population and much of its manufacturing base, leaving behind a significant number of vacant and foreclosed properties. But the tax foreclosure system intended to find new uses for abandoned properties was too complex and took far too long to efficiently deal with them, instead leaving them dormant and targets of speculators.

By creating the Genesee County Land Bank – a public-private partnership, the first of its kind – policymakers created an efficient way to allow Flint to move foreclosed properties to productive use. The land bank is responsible for tens of millions of dollars in redevelopment in Flint. It has also served as a model for over 120 other land banks across the nation, according to the Center for Community Progress. The city of Flint has made blight removal a key part of its Master Plan, and with the infusion of new federal capital, the Land Bank has removed thousands of vacant and abandoned properties in recent years.

These examples of new investment and collaboration are just some of the ways that reinvestment and redevelopment are happening in Michigan’s communities. It is a roadmap of success concerning the work that remains.

What we cannot do, however, is simply take a balance-sheet approach to trying to “fix” America’s cities and towns. Some benefits never appear on a balance sheet. For example, removing a vacant structure in a neighborhood is a proven way to raise property values for surrounding homeowners. But getting rid of blight will also have a profound impact on the future of a child
who sits on their front porch and no longer sees a vacant building across from their house.

Instead, let’s have a much more thoughtful, intentional, and holistic approach to revitalization. Ultimately, improving the quality of life for people is what matters when we address the challenges of America’s older, industrial communities.

Our challenge is to find ways to revitalize these communities and tap into the potential of every family, of every neighborhood, of every community. The challenge is large, and the solution will be multifaceted, and will succeed only if it involves collaboration across government, nonprofits, and the private sector to help spur redevelopment and bring life back to America’s great older cities and towns.

Dan Kildee
This book explores collaborative governance efforts in various regions around the world to identify lessons for overcoming challenges to creating economically resilient communities in the era of globalization. Thus, the two core concepts that run through every chapter of this book and constitute a theme for the book are: collaborative governance, and local and regional economic development. Traditionally these two concepts have been perceived as not very relevant to each other. It was competition and winning, not collaboration and cooperation, that have traditionally been emphasized as essential for economic prosperity in a city or a region. Local governments have approached economic development as a zero-sum game where they should compete with one another to attract and promote businesses in their own jurisdictions (Lee, Feiock, & Lee, 2012). However, such a competition-driven approach does not help address issues associated with economic development, such as economies of scale and spillovers (Im, Jeon, & Kim, 2017). With the recognition that these issues can be better handled through collaborative efforts, an increasing number of cities and regions in countries around the world have cultivated and become involved with collaborative networks for economic development.

Scholars have also recognized the usefulness of collaborative governance for addressing complex problems, including local and regional economic development (Fleischmann, 2000; Im et al., 2017; Lee et al., 2012). Although collaborative efforts for local and regional economic development have been popular in recent years, it is not yet very clear when government entities initiate or are involved in such collaborative efforts and, more importantly, when such efforts bring successful outcomes for economic development. Recognizing this gap in knowledge, this book aims to advance our understanding of successful collaboration networks for local and regional economic development. Why or when are government entities and private actors involved in collaborative economic development efforts? How can such collaborative efforts be better facilitated? What are the preconditions for collaborative governance to lead to successful economic development? This book analyzes diverse cases of local and economic development from around the world in order to address these questions. By so doing, this book...
2 Introduction

aims to promote improved collaborative governance arrangements to foster community development and redevelopment.

Below, we review existing literature on collaborative governance and introduce the integrative framework that every chapter of this volume uses to analyze real-world cases of collaborative governance for economic development. We discuss why the particular framework has been selected as the theoretical basis to analyze various cases and briefly describe the framework. Finally, we introduce the main themes of each chapter of the book.

Collaborative governance

Collaborative governance is defined as “the processes and structures of public policy decision making and management that engage people constructively across the boundaries of public agencies, levels of government, and/or the public, private and civic spheres in order to carry out a public purpose that could not otherwise be accomplished” (Emerson, Nabatchi, & Balogh, 2012, p. 2). Thus, collaborative governance involves a relationship intended to increase public value through reciprocity and working together with the public (Agranoff & McGuire, 2004, p. 4; Bardach, 1998, p. 8; Huxham, 1996). It is a hybrid mode of decision-making and service provision in which a public agency deliberately and directly engages non-state entities in a formal, consensual, and collective decision-making process to manage programs and to solve problems that cannot be easily or at all solved by single organizations (Agranoff & McGuire, 2004; Ansell & Gash, 2008, p. 544).

Wicked problems and interdependency are two main concepts in collaborative governance theory. Collaborative settings are established when wicked problems exist and the several actors involved are aware of interdependency and recognize a certain value of working with other partners (Kickert, Klijn, & Koppenjan, 1997, p. 6). Wicked problems are unstructured and continually evolving, crosscutting multiple policy domains, levels of government and jurisdictions and, consequently, involving the different views, culture, values, and political background of several stakeholders (Weber & Khademian, 2008). If not managed properly, this multiplicity will easily transform into conflict. Collaboration could be an instrument for achieving broader effects, such as enhanced social capital through cohesive communities, shared values, and trust. Meanwhile, interdependency is created when no single actor, being it public, private, or third sector entity, has all the knowledge and sufficient overview of information, or power required to solve complex, dynamic, and diversified problems. Therefore, no single actor could dominate unilaterally in a particular governing model (Kooiman, 1993, p. 4). Mutual trust and active citizenship are encouraged through collaborative arrangement values (Cepiku, 2017). It can be a means for strengthening and revitalizing democracy as it develops new relationships between citizens and state based on trust, ethical standards, and accountability (Alford, 2014; Cahn & Gray, 2012; Pestoff, 2006; Ostrom, Parks, Whitaker, & Percy, 1978).
Many collaborative forms exist, each demanding specific management issues (Huxham, 2000, p. 341). Collaborative organizations can be isolated, which have a short life if they are not inserted in an institutional framework, or institutional, existing among other organizations. One of the most important features of collaborative arrangements is that there is neither hierarchical authority nor formal subordination. Interaction is based on expertise, trust, and legitimacy. Collaboration is voluntary and members could step out at any time if they are not satisfied or aware of the value produced from collaboration (Hill & Lynn 2003, p. 65), allowing collaborative interactions to exchange resources and negotiate shared purposes, rooted in trust and regulated by shared rules.

Collaborative governance is a term that is loaded with ambiguity, and several normative and positive definitions are found in literature (Cepiku, 2013; Frederickson, 2005). Bretschneider, Choi, Nabatchi, and O’Leary (2012) identify three approaches to collaborative governance: 1) theories of organizational behavior that mainly refer to resource dependent theory, which suggests that individual organizations do not have enough resources to achieve their goals (Pfeffer & Salancik, 1978); 2) public value theory, according to which managers give away their autonomy if public value will be created easily through collaborative governance. If properly implemented, agencies in collaboration with the private sector will achieve public goals becoming a powerful lever for creating public value (Donahue & Zeckhauser, 2011); and 3) the availability of performance information, which could be useful for sharing or reallocating resources among organizations. Performance information could also be used to inform partners on the convenience of collaborative arrangements, aiming to strengthen their commitment and willingness to collaborate with others, thus having an advantage compared to other organizational forms (Bretschneider et al., 2012; McGuire & Agranoff, 2007, p. 21).

Some of the reasons that motivate citizens to collaborate with the public sector are material self-interest and intrinsic rewards, such as sense of belonging and the need to feel competent (Alford, 2014). Citizens are willing to collaborate or co-produce based on their personal features, on the kind and salience of the service provided, on transaction costs that make voice more relevant than exit, and the ease of involvement, among others. Collaboration between citizens and civil service organizations is motivated by the fact that it achieves strong user and citizens’ engagement, and also due to governance drivers, such as low administrative capacity of the public sector, and logistical drivers, deriving from the intrinsic nature of the specific public service (Bovaird, 2007; Joshi & Moore, 2004, p. 855; OECD, 2011, p. 48). Hence, the successful implementation of collaborative governance will depend on the social capacities of secondary associations and the ties between local and central government officials, which are crucial to how well decentralized governance institutions function (Culpepper, 2003). Despite its positive effects, citizens’ participation faces several challenges.
(Frieling, Lindenberg, & Stokman, 2014), such as: 1) the dilemma of size; 2) the dilemma of excluded or oppressed groups; 3) the dilemma of time and crisis; 4) the dilemma of technology and expertise; 5) the dilemma of common good; and finally 6) the dilemma of sustainable cooperation.

Two main arrangements of collaborative governance are inter-institutional networks and co-production (Cepiku, 2017). Networks include multiple organizations, linked by some form of structural interdependence, in which one organization is not the subordinate of others; are shaped around policy problems and programs; and are reproduced and changed by the interactions of different actors (Kickert et al., 1997; O’Toole, 1997, p. 45). Their system is mainly based on members’ expertise rather than hierarchical positions (Agranoff, 2003, p. 11). Intergovernmental and intersectoral networks are fundamentally changing the nature of public policy and administration at all levels of government (Collaborative Democracy Network, 2006).

Three forms of network governance identified are: self-governance networks, lead-organizational networks, and administrative-organization networks (Kenis & Provan, 2009; Provan & Milward, 1995). The critical point of collaboration sustainability is to choose the appropriate institutional design and then implement it. When only few actors are involved, it may be appropriate working as a self-governed network, while in a lead organization network, one member bears the responsibility for network management. Both types have their pros and cons. Self-governed networks may be inefficient with frequent meetings and difficulty in reaching consensus, but partners do not fear a loss of control. To the contrary, while a lead-organization network may be efficient and sustainable, it may produce a lack of commitment by the partners (Cepiku, 2017).

Co-production is first studied in the late 1970s by Ostrom et al. (1978) and Parks, Baker, Kiser, Oakerson, and Ostrom (1981). It is defined as the combination of activities that both citizens, contributing based on voluntary efforts, and public service agents, involved as professionals, contribute to the provision of public services (Parks et al., 1981). Co-production enables the user to take more control and ownership, transforming the relationship between service providers and users. It could lead to better outcomes as results will be aligned to citizens’ needs. An interesting form of co-production is user innovation, whose main characteristic is the involvement of users in the innovation process, making evident users’ needs by using assets of other organizations and individuals to discover, develop, and implement ideas within and outside boundaries (Bommert, 2010; Eggers & Singh, 2009, p. 98; Wise & Høgenhaven, 2008). It increases citizens’ trust in government, improves awareness of social problems, and delivers effective practices based on citizen experience (Cepiku, 2017). User innovation conditions can be found at the macro level, including country traditions and public policies, at the meso level, that includes legal and institutional conditions, and at the micro or organizational level, that includes past experiences, incentives, and power resource asymmetries (Sørensen & Torfing,