Examining the role of ‘informal governance’ as a local leadership asset

Sarah Ayres, University of Bristol
(sarah.ayres@bristol.ac.uk)

European Consortium for Political Research (ECPR) General Conference
Universitetet i Oslo, Norway
6-9 September 2017

Note: This paper is in draft form. Please do not circulate.

ABSTRACT

The aim of this paper is to examine how city leaders harness and utilize ‘informal governance’ as a leadership asset. It will look specifically at how city leaders seek to promote their organizational objectives and create public value by working informally (off the grid) with other city partners. Informal governance can be defined as a means of decision-making that is un-codified, non-institutional and where social relationships and webs of influence play crucial roles. The issue of informality in policy making is particularly timely as global nations and cities seek to manage complex policy problems within contested and uncertain environments. This development has prompted a new style of city leadership - one that relies less on bureaucracy and formal structures and more on networks and informal relations. In many cities around the world, this issue has been compounded by austerity politics. Public spending cuts and reductions in state capacity have created new fluid spaces for non-state actors, which has transformed the ways that the state, market and civil society coalesce at city level. This draws attention to the importance of governance forms beyond formal hierarchy and markets in influencing the political ecology of cities.

This issue will be explored through an in-depth case study of the city of Bristol in the United Kingdom. In the context of austerity, the contraction of Bristol City Council and its formal role has affected many aspects of city life. Into this vacuum, business, community and third sector organizations are playing an increasing role in the encouragement of public policies that better serve residents and the wider community. This paper will examine how local leaders utilize inter-personal relationships, social networks and so-called ‘soft power’ to enact local leadership in complex governance networks. Findings reveal that informal governance offers a number of advantages in engaging a diversity of stakeholders, maintaining and developing trust in difficult circumstances and making tough decisions in the context of austerity. However, these benefits need to be mitigated against the potential downsides of informality, including accusations of elitism and perceptions of a lack of transparency that could undermine public trust in local democracy.

INTRODUCTION

The aim of this paper is to examine how city leaders can harness and utilize ‘informal governance’ as a leadership asset. It will look specifically at how city leaders seek to promote their organizational objectives and create public value by working informally with other city partners. Informal governance can be defined ‘as a means of decision-making that is un-codified, non-institutional and where social relationships and webs of influence play crucial
In recent years there has been an increased focus on informal leadership and policy making as part of a conceptual shift to the phenomenon of governance. The shift from ‘government’ to ‘governance’ implies that the nation state can no longer manage policy in isolation and instead must work with multiple actors at different spatial scales in order to realise objectives (Ansell and Torfing, 2016). This development has prompted a new style of public leadership - one that relies less on bureaucracy and formal structures and more on networks and informal relations. Crosby et al (2017, 659) draw attention to creating public value through networking and collaboration as opposed to a focus solely on the formal political and bureaucratic channels. They assert that public value should be pursued:

‘not through the heroic efforts of strategic public managers, but through dispersed efforts and distributed leadership in which much of the enabling work can be performed by agents without formal authority in the government system’.

In this view, state and non-state actors work together to solve complex ‘wicked issues’. Bryson et al (2017, 641) also suggest that ‘policy makers and managers in the public, private, voluntary and informal community sectors have to somehow separately and jointly create public value’. At city level this is increasingly done through formal and informal processes (McFarlane and Waibel, 2012). But, doing so is difficult because:

‘the new world is a polycentric, multi-nodal, multi-sector, multi-level, multi-actor, multi-logic, multi-media, multi-practice place characterised by complexity, dynamism, uncertainty and ambiguity in which a wide range of actors are engaged in public value creation and do so in shifting configurations’ (Bryson et al, 2017, 641).

Klijn and Koppenjan (2016) argue that informal processes can help to manage this increasingly complex and uncertain environment. Indeed, informal governance is more prominent where the decision making context is uncertain, where the number of decision makers is potentially high and where conflict among negotiators is (or might become) intense (Blomqvist, 2016). The importance of informal ways of working is recognised in the governance literature. Yet, it has tended to remain at the margins of this analysis. ‘Indeed, much current literature assumes that actors’ incentives and expectations are shaped, primarily, if not exclusively, by formal rules’ (Helmke and Levitsky, 2013, 85). Such a narrow focus can be problematic, for it risks missing much of what drives policy making and underplays the social construction of cities in contemporary policy making. In short, compared to our understanding of policy making in the formal domain we know very little about how informal governance is understood by critical actors, how it functions and how it might be harnessed as a strategic leadership asset to create public value at city level.

Drawing on work funded by the Economic and Social Research Council, this paper seeks to explore these themes through an in-depth analysis of a local currency agency, the Bristol Pound. The Bristol Pound is a not-for-profit partnership between the Bristol Pound Community Interest Company and Bristol Credit Union. It is the UK’s first city wide local currency. The rationale behind a local currency is that it encourages individuals and businesses to spend more money locally. This local circulation of money is intended to create a stronger community and a greener economy. Bristol Pound (2017) seeks to ‘build community connections and work for people not banks to create a fairer, stronger [and] happier local economy’. Its work is, therefore, underpinned by strong public values around fairness and sustainability. It aims to instil these values in the political and public narratives shaping the city of Bristol and beyond. Bristol Pound provides a highly suitable case study to examine the influence of informal governance.
on city leadership and public value. It is an important Bristol asset and brand that is valued locally and recognised internationally. It is a significant local social enterprise whose activities epitomise the role played by non-state actors in creating public value in complex and contested networks (Crosby et al, 2017).

This paper is structured as follows. The following section outlines the theoretical framework, including how the concepts of informal governance, city leadership and public value are defined and operationalised. The next section details some very preliminary findings that explore (i) how informal governance is understood and harnessed by city leaders working for the Bristol Pound (ii) its practical application and use in shaping public values and (iii) the strategic consequences associated with informal working. The paper concludes by reflecting on the role played by informal governance in creating public value at city level.

THEORETICAL FRAMEWORK

The aim of this theory section is to bring together three strands of literature pertinent to this paper, namely (i) informal governance (ii) place based leadership and (iii) public value. This framework can be used to explore how place-based leaders utilise informal governance to create public value. Very little work has been done in this area. Each of the three literatures will be discussed in turn.

Defining informal governance

Reflecting the subjectivity of the topic, a number of different definitions of informal governance are used in the literature. Christiansen et al (2003: 6) define ‘governance [as] informal when participation in the decision-making processes is not or cannot be codified and publicly enforced’. Informal governance includes, therefore, structures and processes that are un-codified, un-documented and have no trace beyond the recollection and perceptions of the actors involved. By contrast, formal governance ‘is regulated by rules that have been instituted according to procedures recognised as legal in clearly defined contexts. Normally, formal rules are written down and recognised as binding on behaviour under defined circumstances’ (Brie and Stolting, 2013: 19). Both types are evident in all political systems and may complement, support, impede or paralyse each other. A key challenge is to distinguish what is ‘informal’ or just part of the bureaucratic process of public administration. For example, informal governance might involve a bureaucrat undertaking their official duties but this activity would not be documented in formal meetings, documents or reports. Informal governance is the layer of activity that happens below this formal archive. Clarifying this distinction is central to operationalising empirical research. This paper draws on and develops a framework adopted by Van Tatenhove et al (2006) who identify (i) a working definition of informal governance (ii) the strategic motives behind the emergence of informal practices and (iii) the arenas where informal governance takes place. Although originally conceived as a tool to examine European policy making, this approach is deemed suitable to analyse city leadership as it deals with the complex interplay between formal and informal governance practices.

(i) The definition: Van Tatenhove et al (2006: 14) define informal governance as:

‘those non-codified settings of day-to-day interaction concerning policy issues, in which the participation of actors, the formation of coalitions, the processes of agenda setting, (preliminary) decision-making and implementation are not structured by pre-given sets of rules or formal institutions’.
Two concepts are central. First, whether settings are codified or formally sanctioned by legitimate actors. Formal sanctioning can be derived from hierarchy, market and networked forms of governance. It refers to the question of whether practices are based on a *script* agreed and recognised by legitimate actors. Second, are the ‘rules of the game’ and the way that rules guide and constrain the behaviour of actors (Table 1).

<table>
<thead>
<tr>
<th>Forms of governance</th>
<th>Formal sanctioning</th>
<th>Rules of the game</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hierarchy</td>
<td>Bureaucracy</td>
<td>Government statute, guidance, strategies</td>
</tr>
<tr>
<td>Markets</td>
<td>Contracts</td>
<td>Contractual agreements, legal documents</td>
</tr>
<tr>
<td>Networks</td>
<td>Collaboration</td>
<td>Partnership agreements, protocols</td>
</tr>
</tbody>
</table>

Source: Author’s own

(ii) *The motives*: Informal practices can be accidental, pragmatic, intentional, interest-driven or ideological. Van Tatenhove *et al* suggest that the specific interplay of informal and formal practices depends on the strategic intent of the actors involved. They distinguish between two strategic motives: co-operative strategies focus on *facilitating* the formal policy process. Informal practices then play the role of an *innovative space* for new rules, which may become formalized at a later stage. In conflicting strategies actors are motivated by a desire to change formal practices by, for example, raising their *critical voice* in objection to policy or deliberately try to *subvert* formal rules (Table 2). This framework has been employed to analyse whether Whitehall officials were using informal governance to facilitate or undermine the formal political objectives of elected politicians.

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Co-operative</th>
<th>Conflicting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rule-directed (pre-given rules)</td>
<td>Facilitating</td>
<td>Critical voice</td>
</tr>
<tr>
<td>Rule-altering (no pre given rules)</td>
<td>Innovative space</td>
<td>Subversive</td>
</tr>
</tbody>
</table>

Source: Author’s own, adapted from Van Tatenhove *et al* (2006, 15)

(iii) *The arenas*: A distinction is made between *front stage* and *back stage*. ‘Front stage’ is the place where roles are performed before an audience, i.e. where actors from state, market and civil society come together in formal settings based on codified rules of the game. ‘Back stage’ the roles of actors or rules of the game are not given beforehand. Back stage is concerned with rule altering arrangements that evolve on the ground in the interactions between actors. Eventually, practices developed back stage may trickle down to the front stage as codified rules. Table 3 emphasizes the relationship between the strategic motives behind informal governance and the arenas where governance takes place. The vertical axis addresses whether practices are taking place front stage (pre-given rules) or back stage (no pre-given rules). The horizontal axis deals with questions of whether the settings are codified or formally sanctioned on not. Only Cell 1 represents a classical type of formal governance, based on formally sanctioned and codified rules and procedures. Cells 2-4 represent different kinds of informal governance, because they are either not formally sanctioned and/or there are no pre-given rules. Not formally sanction means that there is no pre-agreed script or set of procedures to guide interactions, rather than actors disobeying a script. This framework has been utilised to make the distinction between formal and informal governance in the empirical analysis.
Table 3: Formal and informal governance arenas

<table>
<thead>
<tr>
<th>Arenas</th>
<th>Formally sanctioned</th>
<th>Not formally sanctioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Front stage (rule-directed, pre-given rules)</td>
<td>1. Formal front stage</td>
<td>2. Informal front stage Facilitating Critical voice</td>
</tr>
<tr>
<td>Back stage (rule-altering, no pre-given rules)</td>
<td>3. Formally sanctioned backstage Innovative space</td>
<td>4. Sub-politics Subversive</td>
</tr>
</tbody>
</table>

Source: Author’s own, adapted from Van Tatenhove et al (2006, 17)

The consequences of informal governance

Informal governance can impact on city leadership in both positive and negative ways. It can, for example, make beneficial contributions to policy problems which cannot easily be solved by traditional government institutions. However, it can also weaken transparency, accountability and legitimacy by undermining traditional (more formal) administrative structures. Friedman (1995) draws on the concept of ‘front stage’ and ‘back stage’ policymaking to illustrate this point. He suggests that ‘front stage, actors are visible to the audience and have to stay in role’ (p.16). Public officials are visible and accountable as office holders to elected bodies and are constrained by established bureaucratic rules, codes of conduct and public scrutiny (Klijn, 2014). Back stage describes the world of complex decision-making where public officials are hidden from public scrutiny and can engage in complex negotiations less constrained by formal rules. ‘Back stage, actors can relax from their roles, step out of character and work with their dramaturgical teammates to prepare for the front stage performance’ (Friedman, 1995, 17). Back stage, informal governance may thrive and this flexibility can help to manage complexity and uncertainty (Koppenjan and Klijn, 2004), build trust (Lane and Bachman, 1998), break deadlocks and enhance innovative capacity (Ayres, 2017).

Indeed, Torfing et al (2012) argue that a degree of ‘seclusion’ is often necessary in order to govern effectively. For example, informality can also help to promote dialogue and cooperation between diverse actors back stage. Burt (1992) refers to this as spanning ‘structural holes’ to access ‘non redundant information’ of more strategic value than information emanating from those in the same networks. Granovetter’s (1973) ‘strength of weak ties’ thesis also describes the advantages to working with those who are different. Informality can be used as a tool back stage to break down the barriers associated with differences in personal and professional languages, values and objectives.

There is, nonetheless, an inevitable trade off to be made when operating informally. In mainstream democratic theory, democratic rule depends upon formal, front stage institutions which make the policy process transparent (Klike, 2016). Formal institutions and procedures are officially coded in written documents, making it possible to ensure democratic accountability. By contrast, informal processes avoid accountability requirements: they are not officially coded, making it difficult to provide assurances of due process and legitimacy. The transition to ‘fast politics’ (Tormey, 2015) can mean that traditional modes of democratic accountability are increasingly viewed as outdated or unfeasible. However, a lack of transparency and openness can result in mistrust (Whitley et al, 2016), marginalisation (Elliott, 2012), and ‘fuzzy accountability’ (Flinders et al, 2015).
Questions about who runs the city and the role of informal structures and processes are not new in political science. Indeed, they can be traced back to seminal works such as Dahl (1961) and Logan and Molotch (1987). Dahl’s analysis of *Who Governs?* New Haven, Connecticut raised important questions about pluralistic forms of governance and their impact on democracy. Likewise, in *Urban Fortunes* Logan and Molotch drew attention to the social construction of the city as a product of lobbying, manipulation and bargaining amongst critical actors. These studies recognised the importance of governance forms beyond hierarchy and markets in influencing the political ecology of cities and the issues they raise have contemporary relevance. Yet, the policy environment that characterises cities has fundamentally changed. Cities operate in an increasingly complex global environment where traditional forms of bureaucratic control are contested. For example, the prevalence of a neo-liberal ideology in Western policy making raises important questions about what forms of governance steps in at a city level when the state withdraws. This issue has been compounded by austerity politics since the economic crisis. Public spending cuts and reductions in state capacity have created new spaces for non-state actors, which has transformed the ways that the state, market and civil society coalesce at city level to enact policy (Newman, 2013). An alternative view is that the withdrawal of the state has removed the formal architecture or ‘webbing’ around which many informal discussions might have taken place undermining any opportunity for engagement at all. Indeed, the precise outcome is dependent on context and place (Healy, 2017).

Jessop (2016, 14) argues that ‘the territorial organisation of political authority is the essential feature of modern statehood’. It has different forms and rests on specific political, economic and relational attributes that result in different kinds of governance arenas and leadership potentials. He argues that subnational territories serve as policy laboratories to experiment in government and governance with implications for redesigning institutions, policies and politics in response to policy failures and other crises. Indeed, there is a growing literature on so-called ‘place-based’ leadership solutions to policy issues and problems (Hambleton, 2015). Whilst place-neutral interventions advocate the role of aspatial ‘people-based’ policies, place-based approaches highlight the importance of the interactions between place-based communities, institutions and geography for the development of policies, requiring researchers and policy makers ‘to explicitly consider the specifics of the local and wider regional context’ (Barca et al, 2012, 140).

In their survey of the literature on place based leadership, Beer and Clower (2013) acknowledge that leadership is enacted and experienced in different ways and that there is no single style of leadership for places. They suggest that there is a need for a greater understanding of where and by whom leadership is enacted and call for a closer examination of the role of the individual - or agency - in the leadership of place. Indeed, Davies (2013) reminds us that catalysts for change and innovation can often happen at an individual level, but can have a large impact on place and society. He turns to the concept of ‘everyday making’ to describe how individuals can enact change and contest the existing order just by ‘doing things differently’. More specifically, everyday makers enact political action and resistance by changing small behaviours that might in turn have some cumulative impact on society. This example demonstrate that place based leadership can be derived from different sources operating at multiple levels and that bottom-up creative responses should not be overlooked in shaping and creating public value. Thinking about the scalability of agency and leadership is important, i.e.
how micro-level activity in informal arenas can have a cumulative impact on macro-ideology, public value and place.

**Conceptualising public value**

Bryson *et al* (2017, 641) argue that ‘entrepreneurial spirit, strategic action and leadership are key to promoting value’. They assert that Mark Moore’s original conception of *Creating Public Value* (1995), which places the role of the public manager at its heart, fails to capture the creation of public value ‘when applied to the new, more complex context’ of multi-agency working (ibid, 641). They call for a more general theory of public value creation that explores the role of different actors, from different sectors. In their examination of creating public value through collaborative innovation, Crosby *et al* (2017) identify the importance of distributed leadership and assert that:

‘leadership is necessary in order to spur participation in co-creation, overcome standard obstacles to collaboration such as different world views, conflict of interests and huge power discrepancies, and stimulate out-of-the-box thinking’ (p. 656).

The increasing complexity and fluidity of the policy environment means that city leaders must reach agreements in the absence of formal structures and share the responsibility for creating policy decisions and public value. Crucial to this will be determining what kind or type of public value they are seeking to create. Hartley *et al* (2017) identify three approaches to conceptualising public value:

‘The notion of public value as a contribution to the public sphere; the notion of public value as the addition of value through actions in an organisational or partnership setting and the heuristic framework of the strategic triangle (the public value proposition, the authorising environment and operational resources which a public manager has to align to achieve public value)’ - [proposed by Mark Moore in *Creating Public Value*, 1995].

The first approach connects public value with debates and dialogues in a democratic society which create and contribute to the public sphere (Benington, 2011). In this space public values are explored and contested in the creation of public value. This interpretation champions democratic processes over managerial processes and concerns itself with what values the public view as important and what adds value to the public sphere. Judgements about values in the public sphere are inevitable contested and constantly changing, reflecting the diversity of views and opinions in contemporary society and the democratic process. According to Hartley *et al* (2017, 672) the second approach conceptualises public value as ‘that which is created or added through the activities of public organisations and their managers’. Like the first approach, value is not static but arises through activities, which are judged to be valuable or not. Public management research has examined outputs from public organisations as a source of value but there has been less work on the co-production of public value with citizens and other partners regards concepts like ‘legitimacy, trust and social justice’ (ibid, 672). The third approach to public value focusses on the ‘strategic triangle’ outlined by Moore (1995). This heuristic tool argues that paying attention to the three points of the triangle and their degree of alignment leads to more effective management and the creating of public value.

Of these three conceptualisations of public value outlined above this research adopts the first. This is seen as the most appropriate because it can be applied to examine how values are
debated and contested by city leaders to shape the evolution and trajectory of city governance. Hartley et al (2017, 672) suggest that:

‘Research using this conceptualisation of public value could focus on examining whether and how public value is constructed and argued for by different agents and groups, in what organisational, institutional and social contexts, deploying what managerial, democratic or public arguments, on what basis, for what purposes, what individual or groups are included and excluded in discussions about public value in society, with what outcomes’.

This research seeks to examine a number of these themes with specific reference to the role of informal governance in the process, thus making a unique contribution to the field. More specifically it will explore how public value is (de)constructed in informal arenas in multi-agency settings.

METHODS

Empirical evidence examining informal governance is scant, partly because of the methodological challenges of analysing the ‘informal’ (Jitske et al, 2015). This research has managed to overcome some of the acknowledged complexities of exploring the informal by successfully negotiating access to the research field; utilising established professional contacts to build trust with respondents for open discussions; working in co-production with project partner, Bristol Pound, to encourage disclosure and reflection and clarifying informed consent procedures so that participants felt comfortable in conveying potentially sensitive information. As a consequence, the research team were able to access data about informal city governance not captured in more conventional, formal policy analysis.

This study adopts an in-depth qualitative methodology aimed at providing so-called ‘thick descriptions’ of the day-to-day practices guiding political actions. The empirical work is based on work conducted between May 2016 and March 2017, which was conducted as part of two separate projects. The first project involved two focus groups conducted with 37 Bristol city leaders in May 2016. These focus groups were conducted as part of an international comparative study (with Australia, United States, Italy, Germany, Finland) to explore how culture and context shape the way that local leaders respond to policy and economic challenges. The focus groups involved contacts from local government, public sector organisations, elected local councillors, business and third sector organisations and were identified through professional contacts, web searches and snowballing. Focus groups were recorded, transcribed and complemented with notes taken by a dedicated note taker. Transcripts were manually coded to elicit findings. Findings revealed the importance and prevalence of informal ways of working as pivotal to city governance in Bristol, which prompted engagement in the second project.

The second project began in January 2017. It is being conducted by Sarah Ayres and Caroline Bird (Bristol University) and is funded by the Economic and Social Research Council’s Impact Accelerator Scheme. The project aims to support Bristol Pound (Bristol£) in its use of informal governance so it can operate more effectively in its city leadership role. It seeks to help the organisation enhance its civic leadership potential by reflecting on its current working practices (e.g. internal affairs and governance, service delivery, communications and strategic development). Bristol Pound wants to better understand how it can maximise its finite (financial and human capital) resources to promote local economic development with
progressive social and sustainable values. This paper draws on the first stage of this work conducted in February 2017, involving eight interviews with staff and directors of the Bristol Pound to examine how they understand and use informal governance in their day-to-day roles and in their attempts to create public value that reflect organisational goals. Preliminary findings emanating from these interviews were subsequently discussed at a focus group of ten Bristol Pound staff in March 2017 to explore further key observations. Six of the focus group participants had been previously interviewed, while six had not. Interviews and the focus group were recorded, transcribed and manually coded to elicit findings. Interview and focus group respondents were remarkably frank and able to recognise and articulate examples of informal governance. This provided an interesting opportunity to explore how informal governance is being used by city leaders to shape and create public value in conjunction with their city partners.

PRELIMINARY FINDINGS

This findings section explores (i) how informal governance is understood by staff and directors of the Bristol Pound (ii) how they use it to achieve organisational goals and create public value and (iii) the strategic consequences of using informality.

Understanding informal governance

Respondents understood the concept of informal governance and recognised the distinction between formal and informal working. Interview findings suggest that it is used at an individual level and is largely ad hoc in its application. One interviewee respondents described informal governance as the consequence of ‘happanstance’…‘people are doing it but not consciously processing it’. It was clear that informal efforts were not joined up institutionally. At the focus group the prospect of sharing what one respondent described as ‘informal intelligence’ was mooted so that important informal relationships, conversations and knowledge could be institutionally acknowledged and coordinated. Friedman (1995, 16) talks of teammates using the backstage to consciously prepare for the ‘front stage performance’. This raises a question about whether Bristol Pound might benefit from a more proactive back stage rehearsal before pursuing formal negotiations with city partners. To some degree the sharing of informal institutional intelligence happens anyway (informally) in team meetings - at which point informal working is formalised into the institutional arena (Reh, 2013). While there was no appetite to create unnecessary administration around such a task, reflections revealed that some light touch recognition or coordination of informal efforts might be advantageous.

Some interviewees did not immediately recognise informal working in their own work until prompted to give examples. Once they did they identified really important examples that have real organisational value. These included using informal, face-to-face encounters to clarify organisational values and secure new strategic partnerships. One interviewee explained:

‘It was clear that a city council official didn’t really understand what I was trying to say in the formal meeting so I made a point of approaching her after the session. We had a conversation where I was able to explain what I meant and what Bristol Pound was trying to achieve’.

This type of interaction was shown to be really persuasive in explaining and translating organisational values to the organisation’s membership, strategic partners and city leaders.
There are some extremely well connected and influential city leaders working for Bristol Pound. There is perhaps an assumption from some staff that these individuals are those most able to utilise informal governance to further organisational objectives and create public value. In fact, evidence shows that staff from across the organisational have an important role to play. For example, some of the more junior staff members at the focus group were highly motivated to use informal governance both inside and outside working hours. Some recognised its value but were concerned about the time and human resource required to invest in it. This raises a strategic decision for the organisation as to whether they feel that human resources should be more purposefully allocated to identifying and harnessing opportunities for informal working. Organisational culture is pivotal in shaping the parameters within which employees can pursue informal and innovative practices and think creatively about their roles. An ‘innovative-oriented culture encompasses both the intention to be innovative and the creation of a supportive climate for innovation’ (Wynen et al, 2014, 46). The organisational value ascribed to informal working might be clarified more comprehensively as a signal to staff members who see potential value of the informal in promoting innovation or exercising critical voice (Van Tatenhove et al, 2006).

**Practical applications of informal governance**

Interviewees identified a number of opportunities and arenas for informal working. One that was repeatedly raised was the First Friday Network at the Watershed in Bristol City Centre. This event brings together a varied group of individuals with no agenda and no invitation, other than to promote a dialogue amongst city stakeholders. Arenas like these were viewed as strategically important and an opportunity to shape and create public value. One respondent suggested that you ‘need to actively place yourself in the right environments for doing business’. Another commented that ‘a key challenge for Bristol is to access environments that are new, challenging and more diverse. It’s how you innovate’. Operating informally was seen as pivotal in creating public value through collaborative innovation (Crosby et al, 2017).

Nonetheless, at the focus group, participants indicated that they had been largely task oriented on formal organisational duties with clear objectives and expected returns on investment. A discussion was had about whether they needed to focus more on influencing the narratives and values of their city partners and the public through informal networking events. Organisational presence at these events was determined largely by the inclination of individual staff members as opposed to an organisational strategic approach to ensuring some kind of city wide representation. A key asset for the organisation is a cohort of staff that are clearly committed with strong personal values and a clear motivation for promoting progressive public value in the city. This human capital is a strategically valuable resource that has the potential for further exploitation in fluid, soft spaces. The key barrier appears to be time.

Respondents indicated that they work informally most often with people like themselves. This often involved people with the same values, common language, who want the same thing and who may be part of established networks. Interviews revealed evidence of Bristol Pound working informally and effectively to engage these critical partners with shared values. In these instances, communication is often easier and there are clear advantages. However, as Burt (1992) argues, people who are similar will provide access to largely ‘redundant information’ as they are part of the same information flows. To access information and knowledge of more strategic value one must span structural holes and work with those who are different. Indeed, there was a view from some respondents in the interviews and focus groups that the organisation could work harder to span structural holes and pursue ‘weak ties’ (Granovetter,
1973) with a view to shaping public values, perceptions and actions across a broader constituency. One interviewee suggested there is a ‘danger that Bristol Pound gets bound up with people who are on side and it needs to break out’. Opinion in the focus group was split as to whether this would be a good use of energy with some suggesting that a focus on core supporters and like-minded individuals and organisations was the best way to achieve a return on investment. Some respondents also referred to a nervousness about working with people who do not share the same values and ethos as Bristol Pound. A number referred to an ethical dilemma in being associated with partners with values at odds with the organisation. This situation reflects the challenges of creating public value in multi-agency networks described by Bryson et al (2017).

The importance of clear organisational values was identified as important in exerting organisational influence in the city both formally and informally. For many respondents an uncompromising organisational identity was seen as important. Nonetheless, there was some concern that Bristol Pound must not alienate other city partners who do not share their ethos. It needs to find the right balance between its own organisational values while remaining open to conversations with those who are different. This was seen as the best way to (de)construct public value in contested and negotiated environments (Benington, 2011). Interestingly respondents were divided as to the best way to convey organisational values to external partners. While some felt that a clear and uncompromising ethos would most likely garner support others felt that some ‘ethical flexibility is required to bring on board more diverse actors’ (Bristol Pound focus group). This view appeared to reflect personal values and raises a question about harmonisation and complementarity between the informal individual messages that respondents might convey to others when they go ‘off script’ back stage (Klijn, 2014). One respondent felt that ‘as long as there was a universally agreed formal message that individuals ought to be able to articulate different and unique informal interpretations to others’.

The consequences of informal governance for creating public value

During the interviews there was repeated reference to the importance of ‘loyalty’, ‘trust’, ‘long term bonds and relationships’ and key to making things happen (Lane and Bachmann, 1998). Informality was described as a ‘tool to warm people up and test ideas in advance of a formal meeting’, providing a safe environment for the pursuit of creative and collaborative solutions (Torfing et al, 2012). Informal working was perceived to have advantages for creativity and innovation, in developing new ideas through casual conversation and bringing in new voices where there was no seat formally. Some staff were able to track ‘investments in the informal space’ (Bristol Pound focus group) to tangible organisational outcomes and benefits. Social bonds and capital were pivotal in some circumstances to making things happen formally and institutionally.

Informal governance was recognised as important but was also viewed as extremely time consuming and costly in terms of human resource (Ayres, 2017). It is also unclear what ‘return on investment’ the organisation is getting. Some respondents were able to track the impacts of informal governance once prompted but this process is not captured currently within the organisation. One view was that informal working ought not to be performance managed as doing so would lose the spontaneity and opportunity for creativity it brings. By contrast, others suggested that if operating informally is increasingly recognised an organisationally and strategically important it ought to be clear why one would invest time and what institutionally could be gained.
Many interviewees agreed that informal governance is more prevalent in city leadership at the moment given the uncertainty and complexity in the political environment. This point was echoed at the two city leadership focus groups in May 2016. Nonetheless, most agreed that informal working had always been a feature of Bristol city governance. Some Bristol Pound staff acknowledged a trend of more activity taking place in fluid spaces, partly as a response to austerity and the withdrawal of the state and ‘partly due to the vibrancy of the third sector and business organisations’ (interviewee respondent). Others at the Bristol Pound focus group felt that the City Council’s withdrawal of formal structures and activities had the effect of removing the opportunity or ‘webbing required for many of the informal discussions that used to take place’. One Bristol Pound focus group member suggested that the organisation might need to ‘think proactively about creating some of the opportunities for dialogue that might have been lost as a consequence of formal state withdrawal’.

There was clear evidence of informal governance having an important positive role in promoting organisational objectives and shaping public values. Nonetheless, respondents were aware of the potential for undermining transparency and accountability, exploitation and marginalisation (Whitley et al., 2016). For example, a number of respondents spoke of the challenges of ‘operating informally with partners when agreements are broken’. Concern was also raised about the potential damage to the reputation of the organisation when the public and critical stakeholders align Bristol Pound to strategic city decisions and outcomes because they had been party to discussions or had been part of a network. This illustrates the challenges in demonstrating either distance from or alignment to city decisions in an environment of fuzzy governance and ‘fuzzy accountability’ (Flinders et al., 2015).

Mitigating these risks currently relies on personal judgement and ‘individual calculated decisions taken in action as you are responding’ (Bristol Pound focus group member). A more strategic response might be to seek to ‘formalise’ (Reh, 2013) informal activities and decisions at critical points, either via formal e mails or formal organisational announcements. This strategy was used, often to good effect, by senior civil servants responsible for negotiating the recent devolution deals in England that were taking place in highly fluid and secretive discussions (Ayres, 2017). Formalising informal working at critical stages helps in managing the transition between the back and front stages and can protect city leaders from opportunism to some degree. This could protect individuals and the organisation from being ascribed blame in fuzzy networks with fuzzy accountability.

CONCLUSIONS

This paper sets out some very early and exploratory observations on the link between informal governance, place-based city leadership and creating public value. These three strands of literature are seldom brought together. While the role of the ‘informal’ is recognised in the place-based leadership and public value literatures, very few empirical studies have placed an analysis of the informal at its heart. This paper seeks to fill this gap in current thinking. The author acknowledges that much needs to be done to deliver on the aim of this paper, especially in relation to tightening the theoretical framework, clarifying how the theory has been operationalised empirically, letting the data ‘sing’ and drawing conclusions that can make an original contribution to the field. This draft does not claim to present the answers - far from it. Instead, it is intended as a first marker to raise attention to an important topic for further inquiry and to garner comments from colleagues working in the field.
Preliminary findings indicate that Bristol Pound, working in collaboration with its city partners, has a real potential to shape and create progressive public values in the area of economic development. However, emerging evidence suggests that a more purposeful understanding and enhanced strategic application of informal governance could lead to it being deployed more effectively as a leadership asset in the future. A greater appreciation of how informal governance operates will allow city leaders involved in the Bristol Pound to promote more effective and inclusive local leadership, ultimately leading to the creation of public value that better reflects their organisational objectives. It will enable Bristol Pound to manage the ‘softer’ impacts of its activities such as fostering civic pride and increasing a sense of agency in the citizens of Bristol in relation to economic activity. Understanding this role better will allow Bristol Pound to be more effective in its role in debating and contesting the creation of public value at city level. These changes in relationships and public values could lead to structural changes through impact on local government policies and strategy. Hartley et al (2017, 674) suggest that:

‘public value in its original conceptualisation (about public managers) is primarily a theory about human agency, though often agency in institutional, organisational and whole system contexts’.

They assert that the field would benefit from closer and more rigorous attention to the views, values and aspirations of a wider range of stakeholders than managers alone. They also argue that the context in which public value is debated, created and destroyed needs to be analysed more closely, looking at both overt and covert activities. This paper takes a very tentative first step into this area by exploring the covert strategies employed by city leaders in their efforts to debate, contest and (de)construct public values. It has begun to explore how informal ways of working can promote innovation and change and suppress collaborative tensions in pursuit of public value creation. This paper is intended as the start of a conversation with much thinking, clarifying and delivering to follow.

ACKNOWLEDGEMENTS

This research is funded by the Economic and Social Research Council and Bristol Pound. The author acknowledges the role and contribution of project partners Caroline Bird (Bristol University) and Ciaran Mundy (Bristol Pound) to the intellectual thinking and data collection behind this paper. Thanks also to the Bristol city leaders and staff at Bristol Pound who took part in interviews and focus groups. The views expressed in this paper are mine alone and do not reflect the opinions of project partners.

REFERENCES


