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Is network governance possible? The case of Polish Drawienski National Park, Poland

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Abstract

For poor areas dealing with economic decline, finding development engines is a crucial issue, and natural resources are often the only asset communities have. In the paper it is argued that concept of the network governance can be applied to understand the situation, where local sustainable development is desirable. In a qualitative case study of the Polish Drawienski National Park area, four barriers for the establishment of network governance were found: weakness of legal institutional framework including ambiguities about property rights; lack of bridging social capital; persistence of informal norms undermining public and formal operations; difficulties with undertaking multilateral collective action. As an alternative to network governance, the emerging structure takes a market or hierarchical form.

Introduction

Network governance is a concept emerging from the literature on economic contracting and organisation theory (Jones et al, 1997; Williamson, 1979 & 1991), whereby it was recognised that some contracts between individuals are socially –

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not legally – binding. Network governance can explain the process of a local development, and here it is applied in a case study of the Drawienski National Park region, in Poland. Coping with economic decline caused by the changes of the economic system manifests as the main problem, and the National Park with its natural resources is the main asset of the area. The conditions for the emergence of network governance are checked against the governance structure in the Drawienski National Park Region, and the conditions are considered apt for its emergence. However, there is little evidence of network governance structures at play.

The Drawa Region does not have many internal resources for economic exploitation. The nature value within the National Park is the most important development agent of the region. Thus there is a fragile balance between nature protection and economic goals. Combining environmental and economic issues is the core issue of sustainable development. With the designation of a national park, nature within the Drawienski is protected, and the main issue is economic development and improvement of the social situation.

The specificity of this case is that natural resources are relatively protected legally, while prospects for economic and social development are not promising. This leads to a problem of sustaining the community. Network governance, which assumes conditional co-operation among stakeholders, is a feasible option for achieving sustainable development,. However, in Poland, the legacy of the long period of communist centralization and the resultant type of social capital poses constraints on attaining network governance.

This paper builds on the social capital framework developed by Murray (2007) in this issue. However, it develops the theoretical construct of social capital, through its focus on the institutions of governance. In respect to the negative impact of social capital, two types of social capital are distinguished: bridging and bonding. Bridging social capital is based on the relations with actors outside the group. It ‘opens’ a community for new ideas and innovations. Bonding social capital relies on internal relationships within a community. For development, bridging ties are beneficial – a ‘glue’ for co-operation, concurrently allowing information exchange with the wider environment and diffusion of innovations. For a particular community, social capital is an external factor from the developmental point of view - although it is rooted in communities’ social life

Network Governance

Taking into account ambiguities about the role of social capital and generally the capabilities of a community to achieve sustainable development or sustainable

communities (Bridger & Luloff, 1999; Coleman, 1993), the mode of governance appears to be an important factor influencing the possibilities for sustainable development of a local community.

The local governance concept is based on the view that governance is a process influenced by a variety of actors. Governance is not only connected with the execution of legal power, which is the core of a government's operations, but includes activities of all stakeholders, having various interests in the process of local decision making.

In Williamson's (1979, 1991) approach, governance is a co-ordination mechanism for transactions. Taking into consideration the type of investment (transaction), three types of governance structures were differentiated, by Williamson (1979; 1991): a) governance based on market (where transactions are non-specific – concerning contracting parties and type of goods); b) hybrid governance - based on semi-specific transactions (having a form of trilateral contracting, with arbitration); c) governance based on highly specific transactions (hierarchies, where bilateral and vertical integration dominates).

The hybrid structure, based on semi-specific transactions, is located between pure market and pure hierarchical organization and it is partially regulated by market incentives and partially by administrative control. Williamson calls transactions within this area 'idiosyncratic', because the specific identity of the parties has cost-bearing consequences, benefits are realised upon successful execution, and goods or services are non-marketable. For such transactions, if special conditions appear - particularly institutional and personal trust – transaction costs are reduced.

Jones, Hesterly, and Borgatti (1997, p. 914), based on the Williamson's work, proposed the notion of 'network governance', by which they mean "a select, persistent, and structured set of autonomous firms (as well as nonprofits agencies). These firms are engaged in creating products or services, based on implicit and open ended contracts, to adapt to environmental contingencies and to co-ordinate and safeguard exchanges. These contracts are socially – not legally – binding." The network governance is neither bureaucratic nor a market-type but lying in between. It can appear in special circumstances. From an economic perspective there are several conditions which create demand for network governance (Jones, Hesterly and Borgatti, 1997). First, it demands uncertainty (with stable supply) which is caused by: rapid changes in consumers' preferences; technological changes; seasonality. It can bring, in case of firms, solutions like outsourcing, and subcontracting. The second condition is the specificity of assets, or the peculiarity/uniqueness of products which are not easily sold on the open market, and special skills are required to produce them. The third condition is connected with constraints in the production process, where complex tasks are under time

pressure for completion.. Fourthly, frequent exchanges occurring among parties comprising of a network are conducive for network governance.

Network governance helps to reduce transaction costs. It can be treated also as strategic behaviour tending to get a better competitive position, or a mechanism to find a better source of knowledge (Gulati, 1998). It is a phenomenon observed in several business sectors such as the film industry and the construction sector. It takes the form of voluntary agreements between firms involving exchange, sharing, co-developing of products, technologies and services (Gulati 1998). Providing that there is a demand for network governance, the issue arises as to its process of development. Organizations are exposed to external challenges and they have to adapt to changes. However, the adaptation is a path dependence process, which stems from the existing context (Williamson, 1991). The important elements of the context are the institutional framework (containing the “rules of the game”, such as formal norms and property rights) and the informal norms (existing at the small group level).

Network governance and local sustainable development

The concept of network governance usually applies to the business sector. However, it can also be used for analysing local development, how communities interact and in environmental management protection. The approach taken by Bowles and Gintis (2002) suggests that a community can be treated equivalent to the hybrid governance. Also the concept of co-management is the idea of shifting the responsibility from governmental institutions to local communities with co-operation from NGOs and private agencies (Mburu, Birner, & Zeller 2003). Relationship marketing applied to tourist services involves relations not based on exchange, but on trust and commitment, exchange of information, and mutual promises. It shifts attention from products to human relations (Saxena, 2005).

In applying the concept of network governance to the development of communities, local sustainable development can be treated as a specific product of a community, equivalent to a commercial product within the business sector. Network governance can be an efficient solution for development “production”, despite its establishment being difficult.

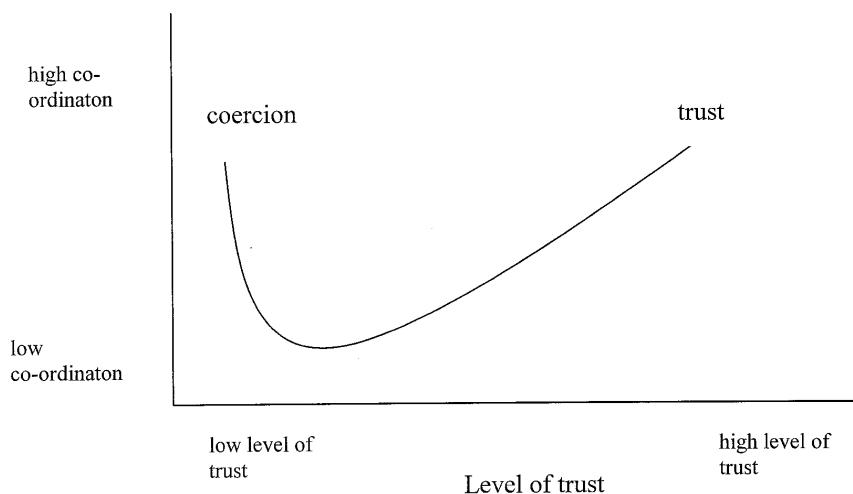
In post-communist countries, where low levels of trust are observed (Rose-Ackerman 2001; Chloupkova et al. 2003; Mihaylova 2004) this seems to be a particularly important obstacle for network governance. The social and economic life as well as governance systems, are based on the low level of trust.

Concerning possibilities of network governance in post-communist countries, two basic equilibria of co-ordination can be indicated. Firstly, low level of trust

combined with the direct coercion regime can lead to co-operation. Co-ordination is enforced in such systems. Secondly, co-operation can be achieved basing on trust and voluntary agreements. In the latter case, co-operation relies on mutual obligation and informal enforcement. In the cases of Poland and other CEE countries low level of trust in the formal, public relations (as in the relations to state institutions) is combined with the shift of trust, which is channelled into personal, face to face relations.

The move from co-ordination based on low level of trust (coercion) to co-ordination based on high level of trust is difficult as it involves loss of co-ordination efficiency in the transition period. The simplified model of the relation between level of co-ordination and level of trust is presented in Fig. 1.

Figure 1. A model of dynamic relation between trust and co-ordination in post communist countries.



Institutional framework of network governance

The institutional framework consists of the fundamental political, social, and legal background. It includes constitutional definition of rights and obligations (Coleman 1990) such as providing property rights and specifying rules of conflict resolution. The institutional arrangement regulates co-operation and competition between units (Williamson 1991). The institutional framework provides incentives and restrictions to individuals. The previous governance structure is important,

especially concerning security of expectations. If for example, actors consider that government's operations leave property rights unsecured, they lose confidence in their investments. This is particularly relevant in Poland, given the transition process from communism to a market economy. Sustaining network governance and – more importantly – establishing network governance involves coping with collective action problems to achieve the level of co-ordination making network governance possible and efficient. Within a network, organizations have to co-operate and they are not regulated in an administrative way. Thus, the network is vulnerable to free-riding. Since network governance is based on voluntary co-operation, there are incentives for opportunistic behaviour and maximizing self interest at the expense of the group. In order to overcome social dilemma connected with collective actions, institutions have to be established since co-operation is conditional, while at the same time - brings optimality. Institutions, after North (1990), are understood as the rules of the game.² They are measures to solve social dilemmas. However, to reap benefits from collectively established institutions is problematic – time is needed to establish them, and to overcome problems with collective action (Bruns & Bruns, 2004).

The role of social capital and trust in network governance

Social capital plays an important role in establishing network governance, through establishing background enhancing institutions. Social capital can also replace formal institutions and strengthen informal rules. A high level of social capital promotes the establishment of a network governance structure, rather than market based structures. For effective network governance a certain level of social capital is necessary, as relations between partners is not dependent on market mechanisms. Meanwhile, relying entirely on the legal mechanism would be very costly (and, in fact, would move a governance structure to hierarchical model). Many authors treat trust as a core aspect of social capital. Within network governance, trust can be embedded in persons and institutions in bilateral monopoly building. It relates stakeholders' interests, economizes costs of writing contracts, and costs of execution (Williamson, 1979). Trust is treated as an important element of a social relation, influencing co-operation. It is assumed that the higher level of trust the easier is co-operation.

What happens if the level of trust is low? Within Williamson's model, it is postulated that if one takes two systems - one with a low level of trust and the

2 Institutions are treated equally with norms (especially in J.Coleman's usage of the term), since norms are in the sense the prescriptions for actions.

second with high trust - and if both experience the same demand for establishing network governance, the second one will find it easier to achieve competitive advantage against the first one. If the level of trust is low, markets and hierarchies appear prevail, instead of building the network form of governance. Thus, low levels of trust are the crucial obstacle for establishing network (hybrid) mode of governance. Williamson suggests that this mode is possible to apply by the use, for example, of ethnic communities, where trust is already embedded. Network solutions cannot be done unilaterally, nor by hierarchy, but they require co-operation. Network governance is a system of informing about performance and consequently, reputation building. That's why, according to Williamson (1991), ethnic communities work well in hybrid contracting, while non-ethnic ones move rather to market or hierarchical structures. According to Bowles and Gintis (2002) communities are based on the trust and ability of monitoring norms' compliance, or community governance.

Trust is an element facilitating collective action and required for introducing innovations. Low levels of trust make it necessary to introduce formal rules, which as a consequence involves arbitration from the state (and higher transaction costs, of course).

When communities move from low to high level of trust a certain institutional innovation is required. Lin (1989) differentiates two types of institutional change: a) spontaneously induced and b) enforced (top-down). At the level of individuals, when the trust manifests in a group, individuals can be engaged in productive exchanges. Trust makes it easier to establish initial co-operation, and as a crucial element of social capital, can be beneficial for the environment, through the management of common property resources. Yamagishi (cited in: Ostrom 2000) found that individuals with high levels of trust are more willing to contribute to the collective good, although those with lower levels of trust are willing to contribute to sanctioning system. It suggests that low level of trust does not entirely block co-operation.

Network governance in Drawa region

Presentation of the research area

The Drawa region is located in the West-central Poland. The six municipalities, within which the territory the Park is located, in total cover 1650 square kilometres. The area has almost three thousands inhabitants. The Drawienski National Park was created in 1990. Its area is 1140 square kilometres. Most of the Park area consist of forests (79%), 10% is wetland, 5% is covered by abandoned fields and meadows, and 6% by other habitat types. The Park represents the typical

landscape of postglacial outwash plain, with a complicated net of gullies, partially filled by lakes. There are two main rivers - the Drawa and Płociczna, and the area as a whole can be characterised as a young post-glacial landscape, because of the rivers' rapid current, relative stability of annual flux, and winding river-bed. A Natura 2000 site is located within the park, which is part of a European-wide conservation network.

The Park is attractive for visitors mainly for kayaking tours and fishing. Although the number of tourists visiting the Park is not massive, tourism creates a burden for the environment. Nine thousand of tourists get through the Park annually, which is about 0.8 person per hectare. This is little in comparison to the average for national parks in Poland (29 persons per ha). However, the problem is that the tourism in the Drawa Park is concentrated in the heart of the Park and in fact exploits only a few of the most attractive routes.

The area is mostly dependent on agriculture. As it is situated far from the economic centres of the country, it is in a very difficult economic situation. The unemployment rate is high – 23% (2000), which is higher than average for the country. Following the collapse of State owned agricultural enterprises after 1990, no real employment alternatives appeared – neither in the area nor in other parts of the country.

The set of main actors identified as important for network governance of development plans for the park comprises: local self-governments; the Park administration; farmers, inhabitants; environmental NGO (Lubuski Naturalists Club); non-environmental NGOs; tourist sector; the Park Council; the Ministry of Environment; National Board for National Parks. The main actor responsible for the local development is the local self-government (gmina). There are six of them in the Park area. Members of their council are elected. From 2002, mayors (the executive body) are also elected. The council and the mayor are entirely responsible for local development and for all the issues of the local community (education; local physical planning; environment protection; local infrastructure – like roads, water supply system). Surveys in Poland show that local governments are trusted more than central institutions, central government and parliament. Only 21% trust central government while 53% of Poles trust local governments (Public Opinion Research Centre, 2004).

Self-governments are partially independent financially: they share (with central government) income from taxes, have their own assets, but a substantial part of their income comes from subsidies given by the central government.

The Park directorate is the actor responsible for nature protection within the National Park. The management is financed by the central government, rather than the local self governments. Due to financial constraints, part of its income has to be self-sourced. The imperative to search for additional income puts the Park

directorate in a competitive position against local businesses. The Park is not financed by the local self-governments. The Park independence from the local financing is understandable, since the Park is of national importance. It allows however reservation concerning the co-operation for the local development. Formally, the Park is not directly involved in shaping the local development.

The bodies related to the Park do not play active role in the local development. The Park Council members are academically rooted, and mainly involved in monitoring of the Park management from nature protection point of view, while the ministry and National Board for National Parks monitor the Park performance from legal point of view.

The tourist industry is at an early stage of development, with a low standard of infrastructure; for example there is little culinary service provision in the villages.

The legal document guiding long-term nature protection principles in the park is the 'Nature Protection Plan'. Such a document is required for all the national parks in Poland. Preparation for the plan began in 1996, bringing conflict, mainly between the nature protection NGO (demanding stricter protection standards) and the Park directorate (taking more pragmatic approach). The nature protection NGO consists mostly of environmentalists; as a result, the discussion was professionally oriented and did not mobilize the local inhabitants.

An interesting initiative in the area was the establishment of a fish shop. It was instigated by the Park management, to organize a place where fish could be legally sold. Through such institutionalisation of the market, it would help local inhabitants get an additional income and for customers it would be a place where products were easily accessible. The idea failed however, since legalizing the fishing market was not economical for the locals.

For some local inhabitants, the illegal use of the Park's natural resources contributes to their income. Furthermore, it is a unique economic opportunity for them, as there are no real employment options available. The scale of illegal poaching is difficult to assess, but was reported as being problematic amongst certain actors interviewed.

There is very little spontaneous co-operation among the inhabitants – except direct, personal relations, based on family and neighbourhood ties. Parochial life grows in the areas close to religion but hardly precipitates to the secular ones.

Although the case study reveals community conflict, there is evidence of community co-operation in the region, albeit limited. The initiative of the "Drawno Picnic" is organised by the Drawno municipality in the summer annually. It attracts thousands of tourists. Although the main organizer is the local government other stakeholders co-operate. There was an unsuccessful attempt to organize an association (based on partnership) for a EU sponsored INTERREG project.

Methods and data

The research is based on the case study methodology. The case was chosen to evaluate network governance in a situation where there was need for development, where assets were restricted, and where they have the common goods characteristics – hence the selection of the National Park.

Data was collected between March and August 2005. Thirty in-depth interviews were recorded. Interviewers prepared reports containing the contexts of the interviews, the reliability of the interviewees, and additional information on the area.

Representatives of the seven actors (categories) were interviewed. The reports based on personal observation were also prepared. Leaflets, brochures, newspapers, and similar materials concerning the area were collected. Reports published by the local governments (on tourism and investments), and statistical data were collected and used to confront the oral information.

Results

Due to economic decline, development impulses are crucial for the Drawa region. The Drawienski National Park with its natural resources is the main asset of the region.

Actors in the Drawa region are stakeholders contributing to the production of development of the area. Particular actors can produce wealth separately within their scope of interest. However, the local development requires co-ordination and can be regarded as a common “product” of stakeholders. The tourism is a knowledge-based industry involving both co-operation (virtual and horizontal integration) and competition. Network governance helps in the production, offering higher flexibility, and synergies which result in better performance of the whole region, decreasing transaction costs. In this respect, both alternative modes of governance – based on market and on the hierarchy, offer solutions which are more costly.

The question is, however, how far network governance is feasible in this case. The theoretical framework suggests, that there can be obstacles in the establishment of a network mode of governance. It can be assumed, taking into account the low level of trust in the region, the weaknesses of formal institutions and the weakness of measures for regional development, that network governance is difficult to establish and sustain.

Conditions for network governance in the Drawa region

Taking conditions creating demand for network governance indicated by Jones, Hesterly and Borgatti (1997), the question arises whether the Drawa region is a place where network governance can appear. The first condition relates to uncertainty, and actors are in an environment of uncertainty. For example, in the communist era, full employment was to be kept, and for a long time the industrial type of development was promoted. This provided security in employment and economic life for many. After 1989, new conditions and new ways of development appeared, such as the idea of sustainable development. EU and national sources of local and regional development funds impose certain requirements and restrictions. Thus from the municipality's perspective, they are operating and taking decisions in an unpredictable and changing environment. Despite the regime change from former times, requirements are still externally driven, by outsiders' logic. The interviews show a mixed opinion about the EU and a negative attitude towards central government. (*"They constantly change the decisions, and those preparing laws are uneducated. There are so many mistakes in the laws that it is impossible to trust them. They prepare regulations for their interests, so when they leave the office they can take benefits. I do not trust them at all."* – a worker in the tourist information office. *"Many people are disadvantaged. Unemployment is a result of government's stupidity. There are strong social tensions, some people get benefits while others are deprived."* - a member of the Park's supervisory board).

The second condition concerns specificity of assets. Due to physical location, local development is always specifically located, produced for predefined customers (the local communities), and cannot be sold elsewhere. Thus, taking into account the specificity of assets, the national park fits the conditions conducive to network governance.

The third condition involves frequent exchanges among actors in the network. In the Drawa region, there was little evidence of frequent contact between stakeholders. The interviews revealed a lack of a forum for stakeholders interaction. It is exacerbated by the mutual distrust among stakeholders. The theory and research suggest that civic life based on non-governmental organizations could play a role of a "meeting place" for variety of stakeholders. Civic life in the region is weak, however. An example of a successful NGO is the Association of Unemployed, carrying a well-equipped internet café funded by the Ministry of Labour. It plays a role as a centre for youth and for other people – the main intention aiding job search. The association disseminates information about meetings and job opportunities. This NGO is quite active, however it is a young initiative and does not provide a platform of exchange for stakeholders in this case

study. Moreover, due to scarcity of resources, generally NGOs are in a competitive position, which makes building civic life as a side effect of their actions difficult.

To summarize, treating local development as a product of local actors, the characteristics of the context suggest that network governance could be a feasible way for the region. Additional factor strengthening the demand for the network governance is the fact that the National Park is a main asset and tourism offers a momentum for development. In order to avoid the “tragedy of the commons” effect, co-ordination is necessary. At the same time tourist business unavoidably is based on competition. Thus, the network governance seems to be a mode of governance which could aid sustainable development. However, frequent contact and exchanges among stakeholders is missing, which seems to be an obstacle for establishing the network governance.

Does network governance exist in the Drawa region?

Despite displaying favourable conditions for the emergence of network governance in the Drawa region, it hardly exists. Co-operation between the actors is not structured and not stable. There are isolated instances where co-operation appears, as mentioned preparing the Nature Protection Plan for the Park, organizing the summer feast and organizing a fish shop, but such cooperation is not consolidated. They do not contribute to the establishment of a governance system. Interviews show that when co-operation happens it is based on direct economic interests (“*When tourists call and my places are occupied, I inform about others*” – owner of a tourist company). Collective sanctions are also not developed. Even in subgroups, like tourist entrepreneurs, co-operation is on a very basic level combined with reservations (“*I wouldn’t say we love each other but we tolerate each other*” – owner of a tourist company). A reputation system is hardly developed, neither is co-ordination through values. At the same time tourist entrepreneurs noted that not keeping standards by some tourist sites destroys the image of the whole tourist industry in the region.

The role of the institutional framework – formal and informal

In the Drawa region conditions favourable for network governance exist, but it has not appeared. The explanation for this anomaly can be sought in the institutional framework, which helps understand the establishment of norms of co-operation, or lack thereof.

The institutional framework shapes affects governance by providing the legal background. Firstly, property right are of crucial importance. Williamson (1991) suggests that uncertainty on property rights, caused for example by the possibility of expropriation without just compensation, causes myopia in business plans. The situation in Drawa region supports this view – tourist entrepreneurs do not invest in a long perspective because of weak financial resources and uncertainties about future. Also for local governments, the institutional framework creates uncertainties. Since 1990, when the local governments were re-established, major changes affecting administration were experienced: establishment of counties; new regions (with border changes); and EU accession. These substantial changes happened within only 15 years, not allowing the local authorities to adapt.

Secondly, the legal system in Poland is not efficient relative to other countries. In research prepared by the World Bank on conditions for business, Poland is ranked 105 out of 156 countries, concerning contracts enforcement (World Bank, 2006). Also, earlier research showed that the legal system does not offer a feeling of ‘security’ to citizens (Drozdowski & Pawlowska 1995)

At the same time there are norms at the institutional level which enhance co-operation. The law on the access to public information is strengthening the position of NGOs and inhabitants. Public administration is becoming more transparent, with a mandate to provide information on its operations. The integration of EU institutions, and specifically the EU’s rural development policy with its focus on partnership building (evidenced in the transition period with the PHARE programme) requires cooperation. In specific relation to the Drawienski park, the legal requirements of the Nature Protection Plan, enforces co-operation among stakeholders. Despite these developments, to date the institutional framework does not provide stability for co-operation.

Informal rules are a prerequisite for the network governance. Ideally, informal agreements prevail, with formal law playing a supportive role. Contracts based on such informal agreements decrease transaction costs.

When informal norms and formal rules are inconsistent, informal norms can evolve into opposition norms. In Poland and other post-communist countries, the legacy of the former system in the form of the second society and the second economy still exists. The second economy, described by Kornai (1986) and Marody (1991) was individualistic and based on personal, informal ties. This approach has survived. Some parts of the economic life in tourist sector belong to the “grey”, out-of books economy. There is also a deep distrust towards public bodies, especially towards central government. It is a legacy of communist times. The informal norms do not directly undermine co-operation among stakeholders, but weakness of co-operation can be treated as a side-effect of informal norms, and

contribute to difficulties in establishing network governance. Public activities are treated with trepidation.

Instigating collective action

Collective action in the context of development rarely appears in the region. Preparation of the Nature Protection Plan shows the mandatory co-operation, since the plan is legally required and involves the participation of stakeholders. However the case revealed unresolved conflict in its preparation.

Among tourist entrepreneurs, there is little co-operation. If appears it is based on personal and family relations. Associations of agrotourist farms do not enhance co-operation. Farmers choose membership in order not to be excluded from the information network but collective actions are not generated there.

The Park directorate and local self-government were the most optimistic about the possibility of collective action in the community, while farmers and environmental NGO were the most sceptical. For farmers it was caused by their marginalization in economic and public life, while in the case of environmental NGO the reason of the pessimism seems to be rooted in their lack of connectivity to others in the area. It is not a grass root organization but an issue (nature protection) oriented, professional one.

The role of social capital

Social capital is crucial for establishing network governance, since it helps to establish co-operation within non market (or semi market) conditions. However, network governance stems from a particular social capital. Firstly, social capital has to be strong enough to allow initiation of governance relations among stakeholders. In this respect societies with weak, anomic relations are not able to set up network governance. Secondly, the capital must be of a bridging type, enhancing co-operation between actors, and enlarging social networks. Thirdly, the capital cannot be too strong, since it could block information exchange and could lead to clique formation.

In this respect the social capital observed in the Drawa region was not promising. Social relations in the Drawa region are based on personal ties. Personal type of social capital can be a source of underdevelopment, as North (1990) argues. Personal connections tend to close the information exchange, which in turn blocks innovative practices. At the same time, Bowles and Gintis (2002) argue that personal ties are crucial for a vital community. Social capital based on personal ties

is necessary for establishing the network governance. In the region, in terms of communication face to face contacts are of primary importance as an information source. Personal contacts are treated as the most efficient in dealing with public issues. Moreover, in Drawa region a weak type of social capital can be found. Voluntary organizations do not play an important role, and they have been present for only some years. Institutions are not treated as reliable. Personal relations are relied upon over formal rules. Relationships in the case study between stakeholders are strongly personalised, as evidenced with the Park directorate and tourist entrepreneurs. Individual's behaviour is attributed to personal traits - not to the rule of norms.

The type of social capital which can be observed in the region creates obstacles to network governance development. Also trust in institutions is problematic. Among the actors influencing local development, local stakeholders trust the least national officials and the EU, while the most trusted are scientists and owners of agrotourist farms. At the same time, involvement of governmental agencies is considered as the most important factor of community development. Thus the actor considered the most important is the most distrusted.

Conclusions

The Drawa region is in economic decline. Its main asset is the National Park. Thus the development has to be organised around tourism. Since the National Park is a common good, institutions are necessary to avoid overexploitation while leading to development.

There is a need for network governance in the area. Co-operation of stakeholders can bring value added results and lower the transactions costs. Nevertheless, network governance is not present in the region.

What can be observed in the Drawa region is the individualistic strategy of the stakeholders: there is little co-operation among tourist entrepreneurs, weak co-operation between local government and the tourist industry, reservation between the National Park management, local government, and tourist industry. The institutional framework does not offer stable norms. Uncertainties about property rights, the transformation of the economic, and political system started in 1990 which brought the radical change of the rules, resulted with individualistic, risk avoiding strategies of inhabitants and stakeholders.

Network governance requires voluntary co-operation among stakeholders based on trust. Low level of trust and embeddedness of trust in personal relations create obstacles to co-operation for the development. Since the level and the type of trust does not allow relying on network governance, the market and hierarchies

prevail instead. Taking the National Park as the regional asset, it needs institutions restricting overuse of the resource. Relying entirely on the hierarchical (legal and administrative) measures of nature protection is expensive and not effective in terms of searching for innovative actions combining protection and development. Market solutions would cause overuse of the resources in the Park. This in fact can be observed: the amount of kayak tours reach the level of overcrowded.

Network governance cannot be established unilaterally or by hierarchy but it requires co-operation. Network governance can be established when several conditions are kept and these conditions are fragile. The level of trust has to be high enough to enhance successful co-operation, but not too high, in order not to produce clique-type, closed groups. The trust has to be depersonalised but cannot be completely formal at the same time. The appropriate mix is not possible to define by an outsider. It is always local context driven and locally established.

Taking into account the initial conditions and the rational strategies of the main actors – the co-operation for the development, intended as a win-win strategy is not easy. Network governance, bringing such co-operation cannot be imposed from outside. It is a result of internal learning process. The problem is that the stakeholders are used to external help, they perceive governmental institutions as a main factor stimulating development. At the same time these institutions are not trusted. What can be observed in the case is a kind of developmental trap: internal resources are too weak to establish network governance, while outside help is not trusted. One can predict that EU funds which started to be available will be used. It can be hypothesised however, that they will rather strengthen hierarchical governance, and weaken the chance for self-established network governance.

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