

# Governing the Network

- Non-hierarchically arranged connected, interdependent, units
- Limits on transactions
- Paradigmatic questions
  - What is the impact of connections among these units-- both at unit level and system level?
  - What are the micro-processes through which the structure emerges and evolves?

# Literatures

- Policy network
- Diffusion of innovations
- Federalism
- IR-- power and interdependence
- Social capital (actually, several lits)
- Intra-organizational networks
- Inter-organizational networks
- Marketing
- Social comparison and social conformity lits
- Econ sociology
- Knowledge mgt.

# Inter-organizational networks among public organizations

- Information diffusion
  - self organization of system
  - incentives to create information
- What is distinctive about public sector?

# Assumptions

- Experimentation by public orgs is non-proprietary
- Combination of purposive and non-purposive behavior
- Evolutionary process

# Normative objectives

- How does public sector leverage information “in the network”?
- How does public sector maintain incentives for innovation?

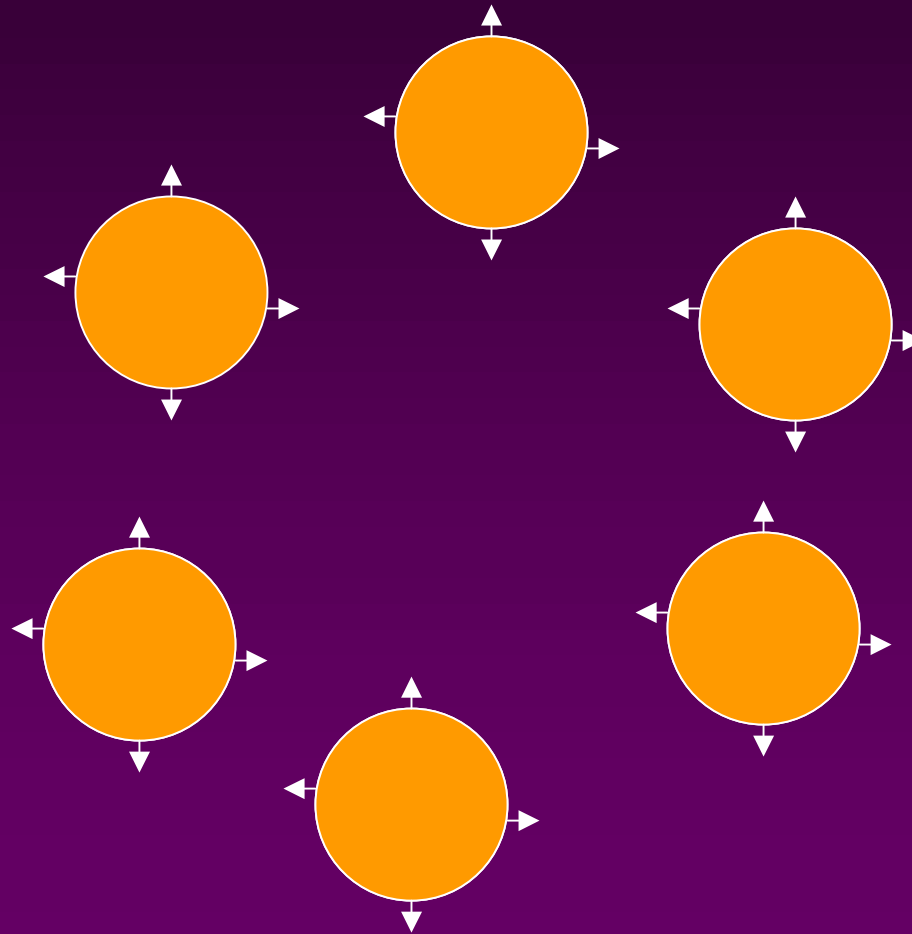
# Architecture of networks

- Small world findings (Milgram; Watts & Strogatts)
- Cliques, triad closure, homophily
- Distance-- physical and social
- Role of bridges
- Role of hubs

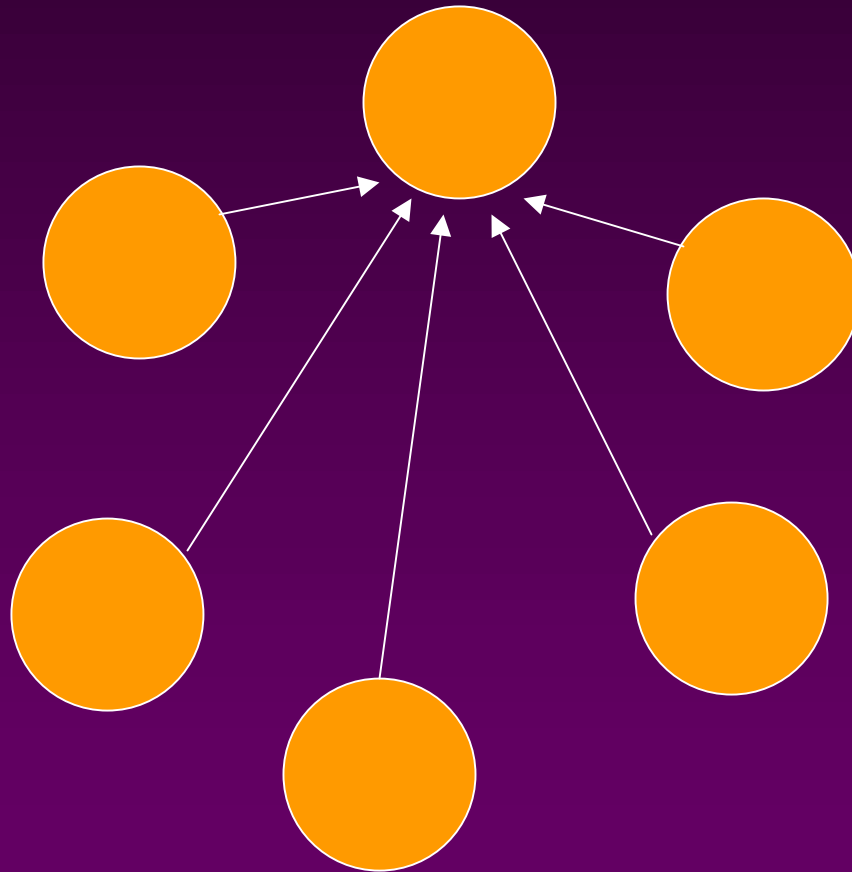
# Public sector info networks

- *Role of exemplars (e.g. VA, FL in DNA)*
- Functional interdependence
- Cost-- geography
- Homophily
- Intermediary role of institutions
- Friends of friends
- Caveat: multiple networks

Even in a world where everyone  
“broadcasts”



Only a few may get attention...



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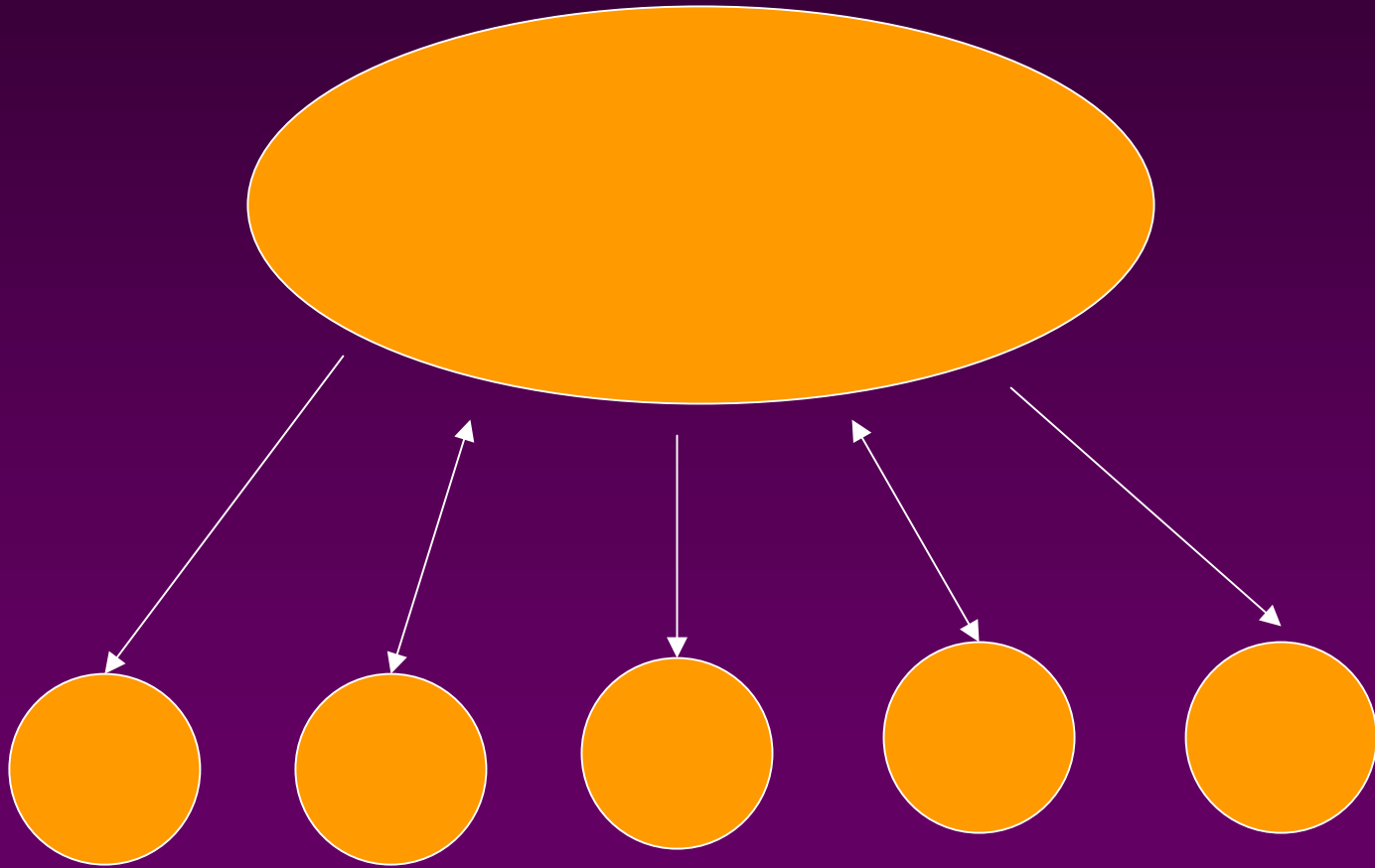
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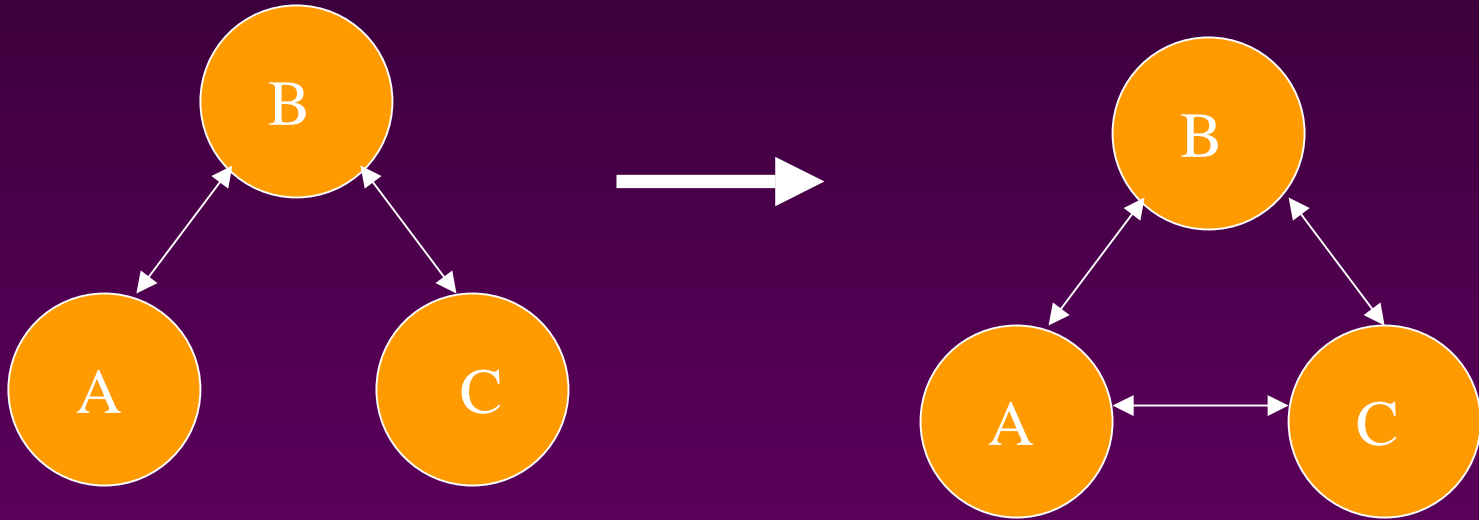
# Intermediary role of institutions



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# Friends of friends...



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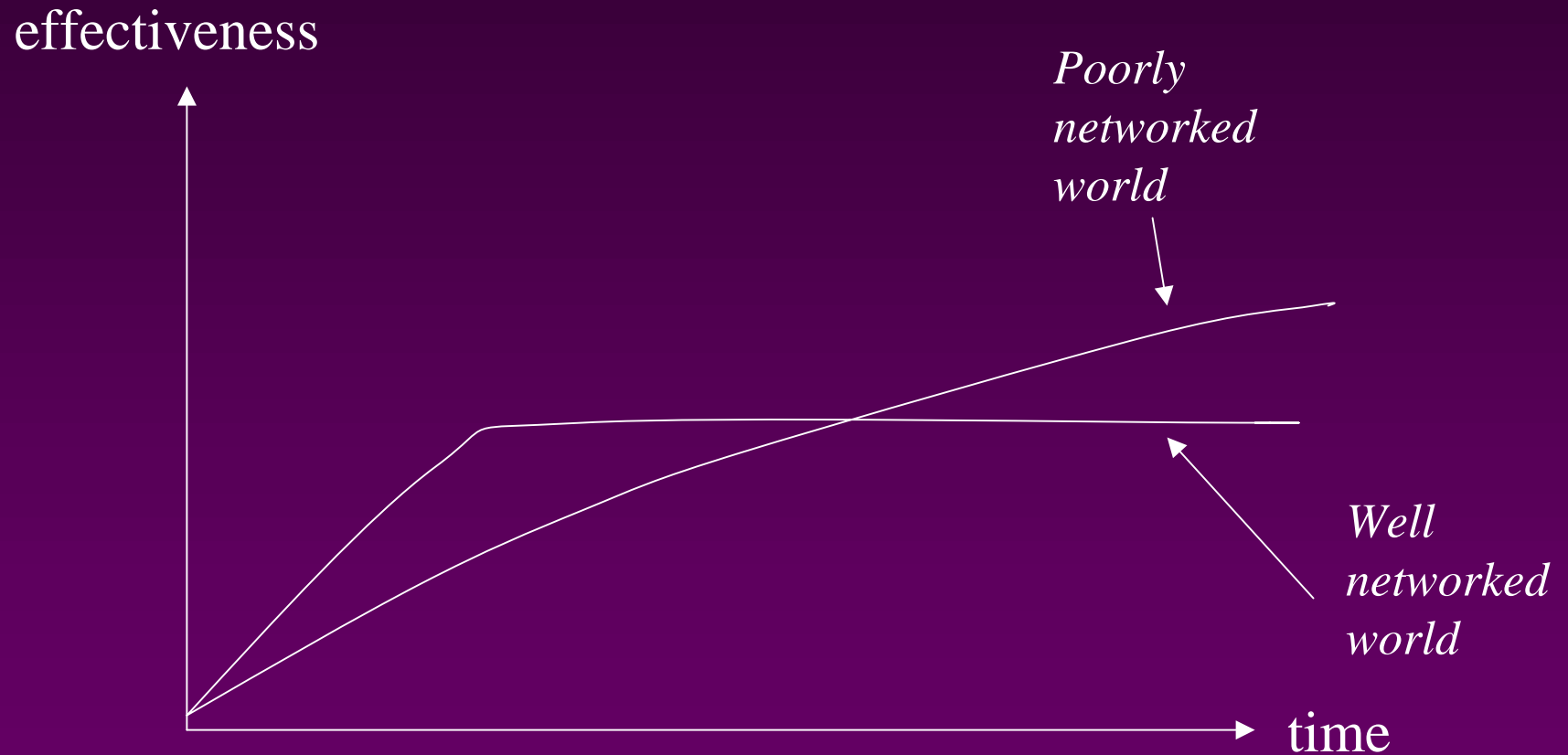
# Public good issues

- *Production of information*
  - publicness of information
  - diversity
- Creating and maintaining relationships
- Information aggregation/information cascades
  - capacity of nodes and edges
- Reciprocity

# Publicness of information

- Scenario 1: totally networked world
  - 100 govts
  - costs \$50 to produce innovation that yields \$100
  - everyone else receives innovation for free
- Scenario 2: totally disconnected world
  - 100 govts
  - costs \$50 to produce innovation that yields \$100
  - information remains private

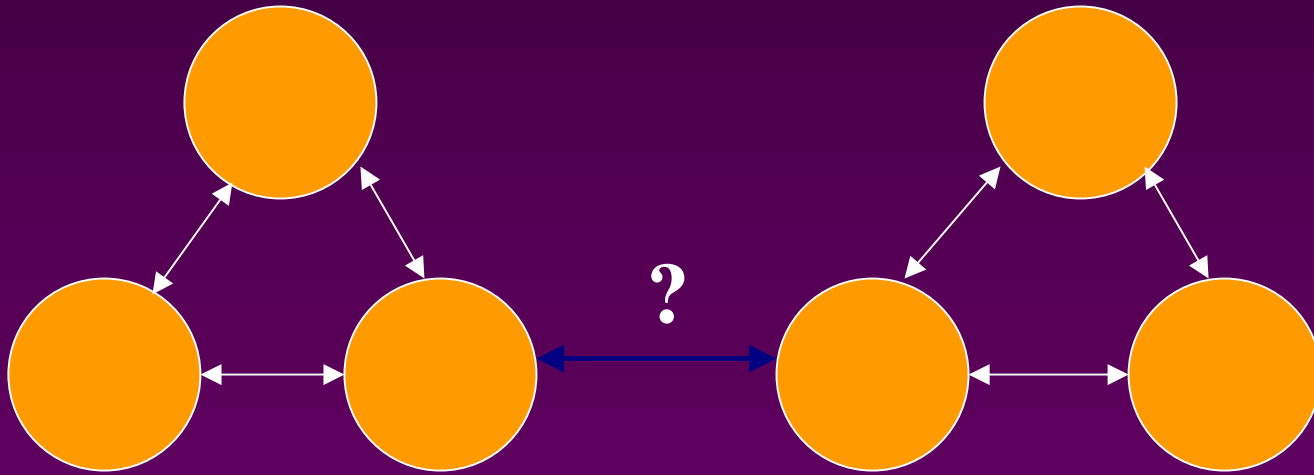
# Role of diversity



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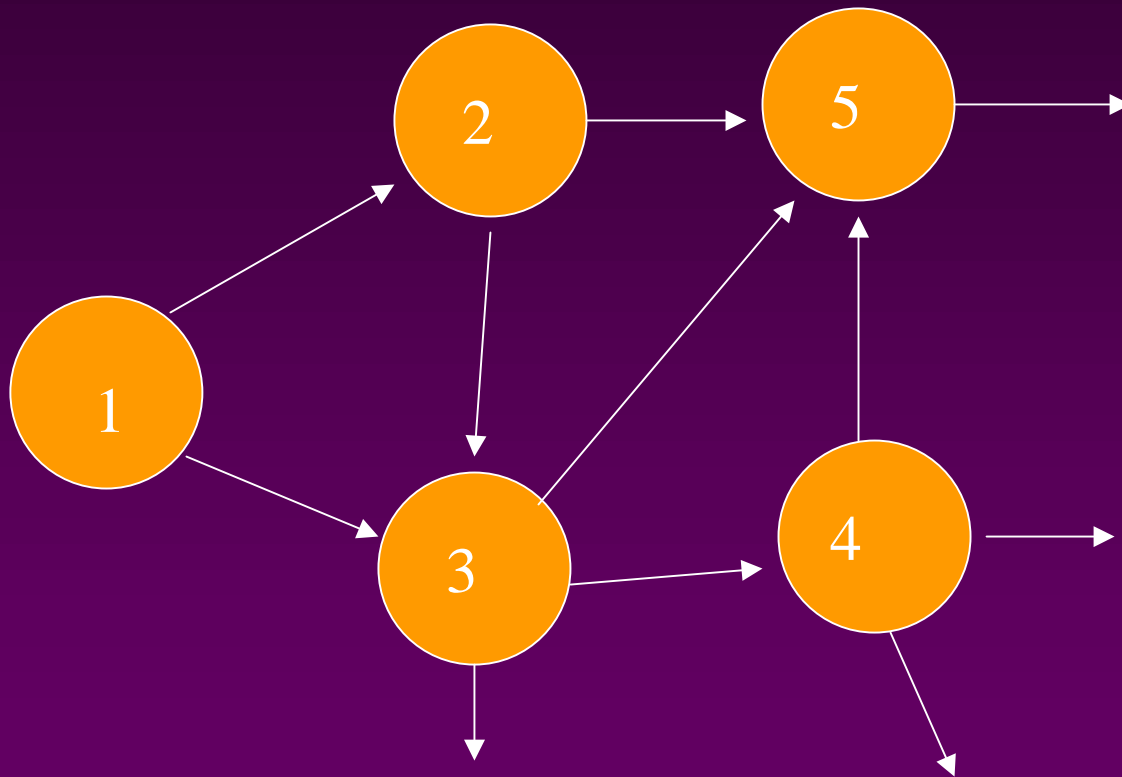
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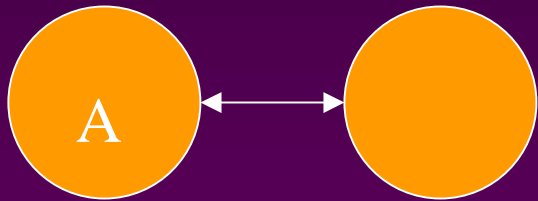
# Information aggregation



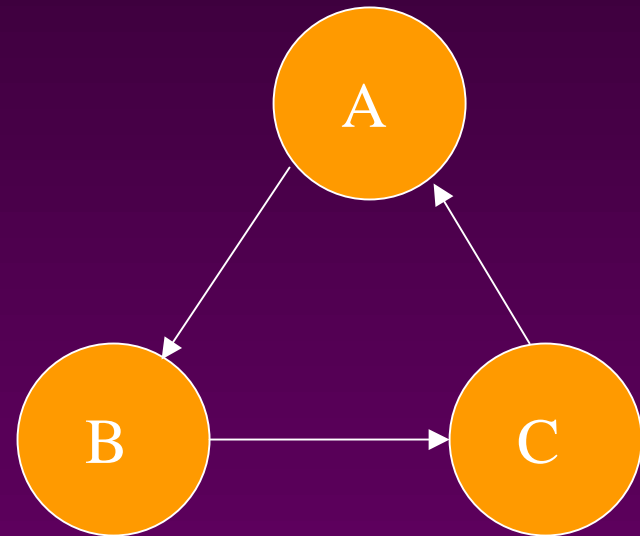
# Public good issues

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- *Reciprocity*

# Reciprocity



VS



# But...

- Underlying diversity of preferences will maintain heterogeneity & info production
- Transplantation is difficult
- Proselytizing + prestige/glory
- Benefit to being first
- Dynamic worlds

# Prescriptive implications

- Subsidize experimentation-- even “expected” losers
- Add distant links
- Subsidize info aggregation
- Facilitate linkage of nodes with mutually relevant experiences
- Public-private partnerships