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Spanning Boundaries of Legitimacy – On the Systemic Interrelation of Formal and Informal Network Practices

(Observations from the Field of Development Cooperation)

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"Systems theories explicate societies as entities
which see the world from their view,
but turn a blind eye on their blindness."
(After: Peter Sloterdijk 2004, p. 193)

Introduction: Global Connectivity and the Legitimacy of Network Practices

Increasing global connectivity has been named as one of the main drivers of economic, political and cultural development world-wide (Tomlinson 1999).[1] The image of connectivity is often related to the notion that the world today resembles a "network society" (Castells 1996) which – to some extent – transcends institutionalized economic, political and cultural boundaries. This very quality of networks is seen as an opportunity e.g. by development agencies and NGOs to further the development of regions in so-called "Third world" countries.[2] At the same time, global connectivity has been considered a source of insecurity and a threat to established economic, political and cultural orders (see e.g. Giddens 1990). Not least with the upcoming debate on "unregulated" markets and "failed" or "failing" states in transition and developing economies (see e.g. Gray 1998), and, of course, with the debate on "terrorism"[3], the image of "network society" is partly being replaced by the notion that there are both legal, overt, "light" *and* illegal, covert, "dark" networks operating on a local and global scale (see e.g. Raab/Milward 2003). This distinction has been further promoted, in particular, by the increasing number of studies on "terrorist" and "criminal" networks (see e.g. Rothenberg 2002; Williams 2001) and by the idea that – behind the surface – there is a "netwar" going on (Arquilla/Ronfeldt 2001).

This distinction, however, can be rather misleading, since it obscures the way networks *work*. Not only do "legal" and "illegal" activities often connect *through* networks, as in the case of arms trade (e.g. Marsh 2002), but – more interestingly – the *legitimacy* of network transactions, which goes far beyond juridical categories, is dependent on the context in which they are situated and interpreted. What's more, the legitimacy of transactions is always dependent on the level of awareness or *transparency* of their relatedness to *other* transactions. In fact, the debate on the circumstances which led to 9/11 illustrates this problem.[4] More recently, the "Visa affair" in Germany relates to quite similar issues.[5] Finally, with respect to development cooperation there are similar concerns: For example, the argument has been made that development cooperation may potentially, though not intentionally, support local warlords and interest groups in the developing country (see Elwert/Hiemenz 1998). In fact, these examples lead to more general theoretical questions: How can network interactions be understood as "legitimate" or "illegitimate"? Where are the "boundaries of legitimacy" in

[1] Connectivity refers not only to the time-space compressing reachability of localities and actors, but also to the relatedness and responsiveness of interactions and events across boundaries of time-space (Tomlinson 1999).

[2] Examples for such global "network initiatives" include the Global Development Network (GDN) or the Partnership initiatives envisioned by the World Summit on Sustainable Development (WSSD).

[3] The question of what "terrorism" actually is, who "terrorists" are and how "terrorist attacks" can be understood is widely discussed (see e.g. Turk 2004). In this context, it is sufficient to mention the anxiety and political effects attached to it.

[4] While a narrow network perspective has been used to identify the supposedly "central figures" involved in the operation (see e.g. Krebs 2002), only a broader network approach allows to think of how the financial, human and organizational resources enacted by the participants of the operation relate to quite a range of "legal" and "illegal", "legitimite" and "illegitimate" transactions and exchanges made long and shortly before the operation, e.g. the provision of flying lessons by regular flying schools and the financial transactions involved via regular bank accounts using regular social security numbers (see for more details the "Outline of the 9/11 Plot", Staff Statement No. 16 of the "National Commission on Terrorist Attacks").

[5] The Visa affair in Germany has been quite a prominent issue in the news in 2005. Basically, it is about the potential abuse of liberal German Visa regulations in the Ukraine by transnational groups who are supposedly involved in managing the delivery and employment of Ukraine girls for prostitution in Germany, which, of course, is scandalized by the political opposition. The important point is that the legitimacy of these Visa regulations is not so much a legal issue but a product of an ongoing debate on the pros and cons of liberal Visa practices, against the background of global connectivity.

networks, how are they maintained, or maybe transcended? What role do network agents, in particular "boundary spanners", play in this respect?

To approach these issues, next, a systemic perspective of networks is developed which allows to distinguish between *formal* (regular, transparent und legitimate) and *informal* (irregular, hidden and, potentially, illegitimate) network practices. Unlike the juridical legal/illegal distinction, the systemic formal/informal distinction allows to look at particular interactions and relationships between actors from *different* systemic network perspectives, which will be illustrated for the case of two development cooperation networks. Thereby, special attention is drawn to the way actors occupy positions on "boundaries of legitimacy" which they, thereby, maintain and penetrate. Finally, some implications are discussed for the control of network agency. Theoretically, this paper largely draws on concepts from structuration theory (in particular Giddens 1979, 2001 [1984]) and early systems theory (in particular Luhmann 1972 [1964]).

Networks as Coordinated Sets of Interdependent Relationships

In the literature, there are three main theoretical views on networks. One view, which is rooted in relational sociology (e.g. Emirbayer/Goodwin 1994), understands networks as configurations of social relationships between individual and collective actors (see e.g. Wellman 1988: 20; Mitchell 1969). These configurations serve as social structures in so far as actors take *positions* within those networks and follow *rules* of interaction which enable and constrain their relational opportunities (Burt 1992; Powell/Smith-Doerr 1994: 377; Mitchell 1969: 1). Another view, which is rooted in economics, understands networks as distinct organizational forms beyond or as combinations of market and hierarchy (e.g. Powell 1990; Williamson 1991). Networks as organizational forms are enacted and reproduced as *institutions* through coordination mechanisms that include price and command, but may also comprise so-called "social" mechanisms, such as reciprocity, trust and negotiation (see e.g. Powell/Smith-Doerr 1994). A third, though less elaborated view sees networks as social systems which self-sustain as sets of interdependent relationships of actors formed around certain domains of interaction which are recursively enacted and reproduced by the very actors involved (see e.g. Aldrich/Whetten 1981). This view has been taken in particular by scholars interested in problem-centred, often community-based networks composed of actors from governmental, non-governmental and private organizations (see e.g. Cummings 1984).[6]

For the purpose of this article, networks will be viewed as systemically reproduced sets of relationships based on rather distinct coordination mechanisms. To do so, a structurationist viewpoint is taken which helps to understand networks not only as social systems but as sets of relationships that are (re-) produced by *certain* interrelational *practices*. In general, practices can be understood as coordinated, moreless institutionalized activities which actors engage in by moreless reflexively drawing upon systemically reproduced rules and resources (Giddens 1979, 2001 [1984). "Systemic" means that the actors involved in performing these activities are interdependently related to each other, though there are different degrees and levels of "systemness" or "relatedness" (see Giddens 2001 [1984]: 36, 1979: 77). If systemic practices primarily involve activities in which actors engage based on interrelations which are recursively reproduced through interaction those practices can be called "interrelational practices".[7] They have systemic quality in the sense that sets of rules and resources are recursively enacted by the interrelated actors upon which they actively sustain their relationships (see also

[6] By contrast, relational sociologists use a systemic network concept also to describe empirical markets and organizations as recursively reproduced social structures (see e.g. Burt 1988; White 1981).

[7] Without going too much into detail here, there is a conceptual difference between discrete historically sustained relationships between particular actors (see e.g. Blumstein/Kollock 1988) and symbolically reproduced relations between actors of certain types, e.g. status relations between actors with little and much social capital (see e.g. Bourdieu 1998). In networks, arguably, symbolic relationships are transformed into discrete relationships whereby relational symbolic orders may develop as discrete relationships systemically reproduce.

Giddens 1979: 73, 77). Examples include market, authority and network relationships. The latter, however, differ gradually from the former in the very rules and resources based on which the relationships are maintained. Taking the notion of networks as distinct organizational forms seriously, these structures in some way base on coordination mechanisms which go *beyond* just price and command.

However, what makes the analytical concept of networks interesting is the possibility to use it for describing systemic sets of relationships that both maintain *and* penetrate systemic – organizational, market or network – boundaries. That is, networks should be regarded *both* as systemically reproduced organizational forms and as (again systemically reproduced) penetrations of these. Next, this understanding of networks is related to the concept of "formal" and "informal" network practices.

On the Constitution of Formal and Informal Network Practices

The conceptual distinction between "formal" and "informal" is widely, though not consistently used in organization and socio-economic market research. In *organization research*, the concept of "informal organization" is used to describe practices which oppose or complement formal organizational structures (see e.g. Strauss et al. 1963; Luhmann 1972 [1964]). Quite similarly, in socio-economic *market research*, the concept of "informal economy" refers to economic activities which do not "adhere to the established institutional rules or are denied their protection" (Feige 1990: 990) and which partly substitute for, partly complement the "formal economy/market" (Sassen-Koob 1989; Portes 1994). In *network research*, however, such a theoretical distinction has rarely been made, not least because of the frequent use of the "network" concept for describing the relational embeddedness of "informal practices" in organizations and markets (see e.g.Waldstrøm 2001). This omission is surprising in so far as both in theory and practice, networks have become institutionalized as an organizational form (see above). However, to understand issues of legitimacy and transparency in network – rather than organizational or market – interaction, the distinction between formal and informal practices might be useful.

In the following, the understanding of formal/informal organization by Luhmann (1972 [1964]) is adapted to networks in conjunction with the revised concepts of roles and positions by Giddens (1979, 2001 [1984]).[8] Luhmann claims that systems are more or less "formalized" in the sense that there are more or less *institutionalized expectations of system (inter-) action*. Institutional (or formal) expectations are grounded in reciprocal norms of behaviour which reduce contingency and provide systemic reliability and trust (see Luhmann 1972 [1964]: 71 f.), not only for "insiders" but also for "outsiders", e.g. stakeholders, of the organization (see e.g. Meyer/Rowan 1977). Formal expectations are basic and general which means that only those (inter-) actions which, regardless of their *specific* context, meet those expectations can be interpreted and accepted as "systemic" and make actors "act" as "system members" (Luhmann 1972 [1964]: 39 ff.). In practice, actors adhere to these expectations in the way they communicate and perform their *roles* within different contexts of systemic interaction. The importance of formal (role) expectations has been fairly well understood in *organizations* and *markets* where interactions are related to formal, that is institutionalized and potentially explicable rules[9] of behaviour (see e.g. Luhmann 1972 [1964]; Polanyi 1944).[10] But also *net-*

[8] To do so, however, the functionalist view, which Luhmann holds onto in his early works, largely following Parsons, shall be translated to some extent into a "practice view" as preferred by Giddens (see in particular Giddens 1979: 115 ff.). Unlike the functionalist perspective, the practice perspective emphasizes that interaction becomes "systemic" not because of its contribution to system reproduction, but because of the way actors recursively draw on rules and resources as mediums and (by-) products of interaction in time-space. However, the systems perspective of (early) Luhmann serves as a useful starting point for discussing the relation of formality and informality in system reproduction.

[9] "Formal rules" have often been associated with "written", "documented" or otherwise "formulated" rules (see e.g. Zenger et al. 2001; but also Giddens 2001 [1984]: 21). However, more important than this is the *potential to explicate* formal rules both to "members" and "non-members" of the system (Luhmann 1972 [1964]). Related to

work interaction may follow certain formal expectations, in particular in institutionalized forms of networks. For instance, such expectations may exist in supply networks in the "economic sphere" or in policy implementation networks in the "public sphere", although, arguably, other, less institutionalized forms of networks may exist which lack such formal expectations of (role) behaviour.

Formal expectations are contrasted by Luhmann with *informal practices*. By definition, the "informal" deviates from the "formal" and thereby is ignored, tolerated or sanctioned. Importantly, informality does not necessarily mean illegitimacy. Rather, activities *are* informal or *have* informal qualities because of their *vague or intransparent status* in relation to formal rules and expectations. Thereby, informal practices can complement or conflict with formal expectations and role prescriptions. In fact, Luhmann makes the important point that informal activities can be "functional" if they help sustain the "formal order" (Luhmann 1972 [1964]: 304 ff.). Also, he notes that informal practices often result from contradictory expectations from the environment which are responded to, partly, by "celebrating" conformity to formal and consistent structures (Meyer/Rowan 1977). Finally, informal, rather than formal activities draw attention to how *particular* actors perform/make use of their systemic roles (Luhmann 1972 [1964]: 313). These considerations are useful for understanding formal and informal network practices. However, before proceeding, some weaknesses of Luhmann's concept must be overcome. First, he pays only little attention to the way *particular* actors take on systemic roles. Second, he tells little about the possible systemic regularities of informal practices and their systemic interpenetrations and interrelations with formal practices.

As will be argued, these systemic penetrations are strongly related to the roles actors enact and perform in different systemic settings. In fact, the understanding of "role behaviour" as proposed by Giddens provides some useful insights. In general, Giddens is critical of the idea that systemic roles "exist" detached from the actors who enact and perform these roles in social practice. On the one hand he admits that

> "… it is useful to speak of role […] when there are definite settings of interaction in which the normative definition of 'expected' modes of conduct is particularly strongly pronounced." (Giddens 2001 [1984]: 86).

On the other hand, he suggests that role relations "exist" only as far as actors enact and (re-) produce such roles in social practice. To capture the way actors relate to roles, Giddens introduces the concept of "positioning" (Giddens 2001 [1984]: 83 ff.), by which he describes how actors moreless reflexively and competently take on certain *identities* (and roles) in relation to each other, whereby a social identity

> "…carries with it a certain range […] of prerogatives and obligations that an actor who is accorded that identity (or is an 'incumbent' of that position) may activate or carry out: these prerogatives and obligations constitute the role-prescriptions associated with that position." (Giddens 1979: 117)

While role-prescriptions, arguably, are reproduced as (formal) "system-specific" categories relating to rules and resources of systemic interaction, positions rather refer to the way particular actors identify themselves (and are identified) as "systemic actors". Positions must,

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this, actors are always *potentially exposed* to formal rules and procedures, which means, whether or not behaviour is "formally" correct can be potentially jugded, from inside (and outside) the system. At the same time, behaviour can be interpreted (ex-post) as "formally" correct which offers actors the possibility to justify themselves. However, the very fact that actual behaviour never copies any formerly formulated procedures suggests that there is always a certain range of interpretation whose limits are object of negotation processes (see also Ortmann 2003).

[10] These expectations include the recognition of authority and ownership as well as rules related to making contracts (see also Zenger et al. 2001). Meyer/Rowan (1977) argue, however, that not so much the necessity to coordinate and control systemic activities, but the institutional pressure to display "rational behaviour" leads to the establishment of such formal structures. This, in turn, suggests that formal structures are always potentially complemented by informal practices.

hence, be called "actor-specific" to some extent. However, positions and behavioural expectations, which are moreless formalized as roles, can never be separated:

"A social position involves the specification of a definite 'identity' within a network of social relations, that identity, however, being a 'category' to which a particular range of normative sanctions is relevant." (Giddens 2001 [1984], S. 83)

Interestingly, Giddens uses the term "network of social relations" in this context. Although he does not elaborate any (systemic) concept of network in his writings (nor does Luhmann), the notion of networks as "coordinated sets of systemic relationships" (see above) nicely corresponds to Giddens' idea that (systemic) roles and (actor) positions must be distinguished, yet seen in relation to each other. Hence, the systemic reproduction and interrelation of networks can only be understood against the background of the multiple, yet related roles actors take in different sets of relationships across time-space. Accordingly, formal and informal network practices can only be thought of as "systemically related" via the multiple network activities certain actors engage in, more or less intentionally.[11] In fact, of particular interest are those actors who *reflexively* position themselves as boundary spanners "between" different relational contexts. In doing so, they maintain *and* penetrate "boundaries of legitimacy" and thereby interrelate formal and informal network practices. How they do this will be examined in theoretical terms next.

How Network Agents Span Boundaries of Legitimacy

To understand the concept of "boundaries of legitimacy" as well as the role of "boundary spanners" in the context of systemic network reproduction, again systems theory and structuration theory are consulted as they provide interesting, yet partly contradictory ideas. In general, legitimacy refers to the social acceptance of behaviour and its conformity with sociocultural norms and expectations. These are (or can be) potentially expressed by the actors involved in monitoring and sanctioning behaviour of others and themselves (see e.g. Dowling/ Pfeffer 1975; Suchman 1995; Deephouse/Carter 2005). From a systems viewpoint, behaviour is legitimate to the extent that it conforms to formal rules and expectations of behaving in systemic contexts (see above). However, from a structurationist perspective, normative rules of legitimation enable and constrain systemic action only as far as they are (or can be) *enacted and (re-) produced* by actors in social practice. That is to say, behaviour is never *per se* legitimate or not, but only with respect to its interpretation and evaluation by social actors (see also Pfeffer/Salancik 2003 [1978]: 232). This implies, however, that legitimation is a powerful *process* which is "based" not only on rules of legitimation, but on rules of *signification*, since only by observing, categorizing and communicating behaviour to others it can be "expressed" and "interpreted" as more or less legitimate (see Giddens 1979: 97 ff.). This, in turn, points to the dual character of "formality" as a category to describe the legitimate *and* transparent, while "informality" refers to (aspects of) activities which "lack" legitimation *and* signification.

Against this background, "boundaries of legitimacy" in networks will be defined in two complementary ways: *First*, they will be understood as "practical limitations" of legitimate behaviour in systemic networks, as "measured" by the degree to which interaction can be signified to adhere to systemically reproduced rules of legitimation. Boundaries in this sense can shift, blur, narrow or widen across time-space which not only has an influence on present contexts of interaction, but on the evaluation of past (and future) action and their relatedness to the present. However, in any present context of interaction boundaries are maintained between expected (and legitimate) and unexpected (and illegitimate) behaviour which provides

[11] This is also suggested by Luhmann (1972 [1964]: 80), who argues that only by considering the relational context in which particular actors perform their roles "…one can estimate the degree of autonomy which [this actor] enjoys in his position in a particular relationship. So, for every relationship other relationships are indirectly relevant."

ontological security.[12] *Second*, boundaries of legitimacy shall refer to the boundaries of networks. Notably, whether or not networks "have" boundaries is a much debated issue (see e.g. Laumann et al. 1989). Here, boundaries need to be understood as *systemic* boundaries which "form around" sets of actor relationships and certain, more or less institutionalized domains of interaction. Such boundaries, however, not just "come up" as emergent properties of social systems, but are "set up" continuously by potentially competent and powerful actors. Arguably, more than boundaries of *organizations* and *markets*, systemic boundaries of *networks* are dynamic constructions maintained by the coordinated regulation of *particular* actors who separate and span, via their multiple relational roles, systemic contexts and practices of interrelation.

In the following, those actors who take boundary-spanning positions in networks are looked at more closely, for they, more than other actors, interrelate multiple systemic roles. In fact, the concept of *boundary spanners* has a long tradition in organization research (see e.g. Aldrich/Herker 1977; Adams 1980). Boundary spanners are those actors who "link" the organization with "elements" in the environment by establishing "structural connections" (Aldrich/Herker 1977: 218), e.g. through their functional roles as recruiting, purchasing or sales agents. Thereby, they mediate rules and resources from/to the organization and the environment, e.g. when they "represent" the organization (environment) to non-members (members); when they "process", i.e. select, transmit and interpret, information or when they "exchange", i.e. enact and transform, goods and services. In functional terms, they help organizations to survive, by maintaining critical relationships and by reducing environmental contingencies (Aldrich/Herker 1977: 221). That is why, boundary spanning activities are often formalized in *boundary spanning roles* which, however, are hard to prescribe, for environmental contingencies can hardly be managed in "formal" ways. As a result, those actors who can signify and legitimate that they are capable of performing boundary spanning roles are often in a powerful position (Aldrich/Herker 1977: 227). However, boundary spanning also involves managing conflictual demands and expectations expressed from different (organizational and environmental) actors. In fact, boundary spanners are often embedded in multiple systemic relationships in which they take multiple systemic roles (Luhmann 1972 [1964]: 226).[13]

The understanding of what boundary spanners actually *do* is closely related to the understanding of agency itself (see in more general Emirbayer/Goodwin 1994). In abstract terms, agents engage in enacting and transforming relational resources while interpreting and translating the very rules by which these resources can be enacted and transformed in different relational contexts. Thereby, agents make use of their more general capacity – to act creatively and reflexively – in relation to their *particular positioning within and across systemic boundaries* (see Sewell 1992; Whittington 1992; Padgett/Ansell 1994). Notably, those boundaríes always imply *boundaries of legitimacy* in the sense that the very rules of legitimation upon which actors *get access* to resources might differ from those upon which they *make use* of them. However, the positional capacity to enact resources is always conditioned by the very roles actors are assigned to and/or associated with in the *different systemic settings* they are embedded in. Yet, while in organizations these roles quite clearly relate to formalized hierarchical modes of coordination and membership obligations, in networks constraining (and enabling) processes of rule and role formation are far from clear. It is assumed, however, that

[12] In fact, Giddens uses the term "boundary" with reference to Goffman and Hägerstrand (Giddens 2001 [1984]: 124 ff.). In Goffman's terms, boundaries develop in contexts of public / social interaction between "front" expression/expectation and "back" intention/identity. Giddens, however, is critical of the theatre metaphor used by Goffman as it implies that boundaries are maintained between "form" and "substance", "virtual" and "real". Rather, he suggests that contextual boundaries (of attention) provide ontological security and "breaches" for the ongoing stream of interaction (Giddens 2001 [1984]: 125).

[13] In fact, Luhmann uses the term "intermediary system" (Zwischensystem) to decribe the way boundary spanners are systemically embedded (1972 [1964]: 226). However, Luhmann underestimates the agentic character of boundary spanning, for, in many cases, the competence of spanning boundaries can not be reduced to the mere capability of performing systemic roles (Williams 2002).

in networks, more than in organizations and markets, systemic rule and role formation are *strongly related* to the way *particular actors* position themselves in relation to others and thereby take on relational roles. Therefore, the establishment of boundaries of legitimacy seems to be contingent upon those actors who potentially *maintain and span* relational boundaries in social practice.

To better understand these processes, next, two cases of network agency are analysed from the field of development cooperation in which, perhaps more than in other fields, the legitimacy of network interaction and transaction is seen as a great problem (see introduction), not least because of the large time-space *and* institutional distances which networks and network agents span on a local and global scale and the uncertainties that go along with this.

Network Agency and the Legitimacy of Network Practices in Development Cooperation: Two Case Studies

Development cooperation has always been embedded in network relationships, for the very practice of cooperating implies the existence of cooperating partners, usually from donor and partner countries. However, increasingly, those networks are constituted not only by state-owned agencies and regional/local authorities, but involve non-governmental actors, consulting and other private companies. To facilitate development cooperation against this background, mediating agencies have become important who claim their roles as experts in different systemic and regional contexts. Thereby, they help establish and consolidate networks and partnerships, but, by pursuing their own interests, also raise questions of legitimacy, from the viewpoint of the network partners involved. Two case studies are now presented which illustrate the multiple roles of those network agents, in particular with regard to the way their legitimacy is negotiated and (re-) produced through formal and informal network practices.

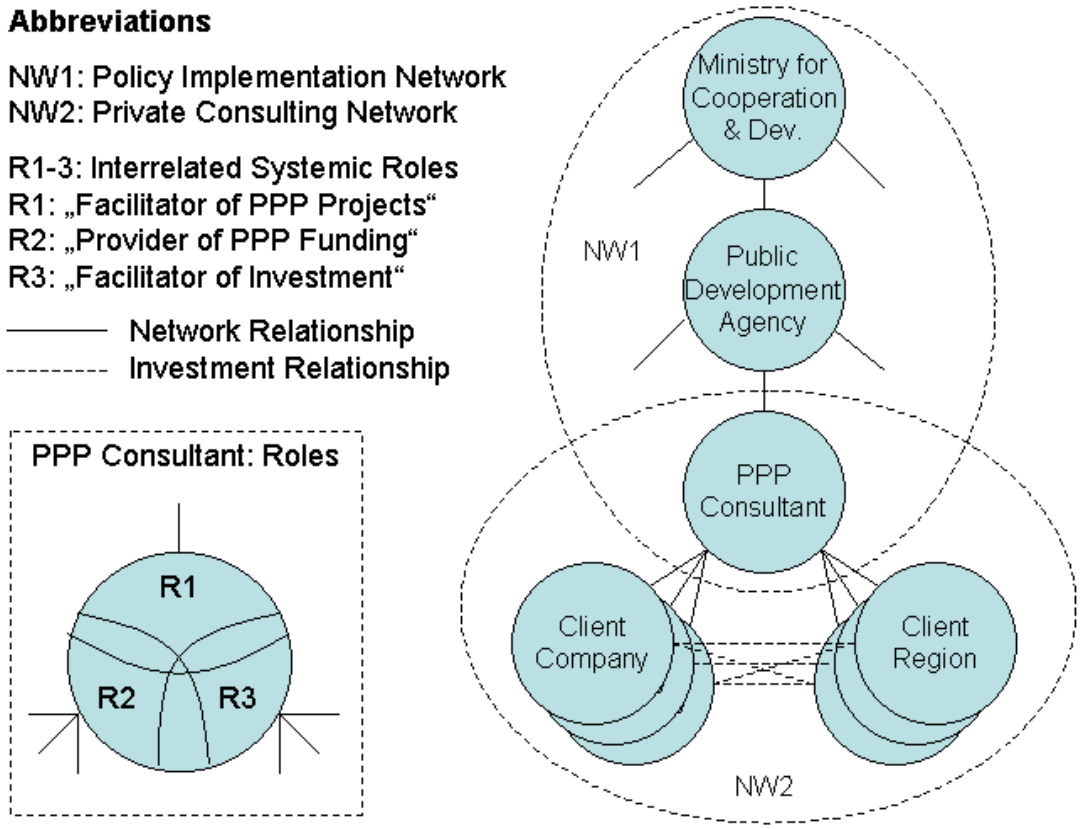
Case 1: The PPP Consultant

This case study is based on a previous study on the negotiation of public private partnerships in German development cooperation (Manning 2004). In the following, however, the focus is less on particular projects than on the networks in which those projects are embedded. In general, the concept of public private partnership (PPP) refers to cooperative arrangements between public and private organizations which are set up e.g. to professionalize and rationalize public services (see e.g. Kouwenhoven 1993). In development cooperation, private partners (from donor countries) are attracted to invest and participate in projects in developing countries, e.g. in education and training measures or in the certification and implementation of international and/or industry-wide labour standards. Ideally, both public and private partners benefit from PPPs in technical, financial and image terms. PPP project proposals by private companies, however, are only accepted if they correspond to the objectives of development cooperation, if they create synergies of public and private efforts and if they cannot be implemented by either the public or private partner alone. By now, PPP has established as a widely accepted measure of development cooperation. However, both from public and private institutions, the PPP programme and its implementation have been criticized: By public representatives several PPP projects have been characterized as mere subsidies of private investments. Some private representatives, in turn, have criticized the partly rigid procedure and criteria of PPP proposal selection and evaluation.

The difficulties involved in the implementation of the PPP programme largely stem from the different, partly contradictory *rules of legitimation* in the public and private world (see also LaPalombara 2001; Gray 1989). In practice, however, actors have found ways "to get things done" and to thereby "manage" issues of legitimacy. In the following, one particular – prototypical – actor is looked at who has been able to position himself as a mediator and consultant of PPP projects and who has helped legitimize proposals to get projects done (see Figure 1). Before analyzing his multiple, yet systemically interrelated roles as a network

agent, some introductory notes shall be made on his occupational history. Having worked in managerial positions in the textiles industry for years, he founded his own consulting company and thereby specialized in consulting small and medium-sized enterprises in the textiles industry. In particular, he has helped his clients set up subsidiaries in low-cost countries. In his role, he happened to get into contact with one public development agency in the context of a previous programme which was aimed at establishing trade relationships with developing countries. When the PPP programme was launched, the consultant took the opportunity to offer PPP as a financial service package to his clients. To do so, he made use of his previous contacts with the public development agency.

Figure 1: The PPP Consultant as a Network Agent



The consultant's strategy turned out a great success at the beginning. To understand why, a closer look needs to be taken at the multiple, yet interrelated systemic roles of the consultant as a network agent (see Figure 1).[14] From the perspective of the development agency, he took the role as a facilitator of PPP projects (R1). This role was in fact "informal" from the viewpoint of the ministry; however it established as a "formal" role from the perspective of the agency in the sense that over time expectations of role behaviour institutionalized between the consultant and the agency, which, in turn, can only be understood against the systemic background of the whole policy implementation network. In particular, the consultant helped preparing proposals which were expected to address relevant objectives of development cooperation:

"He took this role in several projects: […] He assisted the companies [and the agency] in making PPP proposals. As a result, these proposals arrived here [in the agency] almost ready, so that only little had to be changed. Since

[14] The representation of roles used in Figure 1 and 2 is inspired by Bates (1956). However, unlike this author has done, roles are interpreted explicitly in systemic relational terms rather than just as aspects of particular positions in social structures.

he knows the agency for so long and since he has done so much for us, he knows better what to do than a normal consultant." (Representative of Public Development Agency)

This role was of course interrelated with his role as a provider of PPP funding for his private clients (R2), as well as with his role as a facilitator of investments in the regions he and his clients have engaged in (R3). In practical terms, he managed to transform his knowledge of development cooperation practices and the PPP programme into a consulting product for his private clients, whereby he competently *both* built up *and* reduced complexity and uncertainty for his clients, and, by doing so, legitimized his role *as* a consultant (see e.g. Kieser 1998; Sturdy 1997):

"Company X would never have learned about the PPP programme if I had not been there. In particular small and medium-sized enterprises do not even know that this programme exists. Of cource, the programme is being distributed by the press or the IHK (chamber of commerce), but it is largely ignored. The company owners are too busy to think about it." (PPP Consultant)

Both ways, the consultant heavily relied on a sort of "expert" power (French/Raven 1959) and his ability to enact "systemic" capital, which refers to his practical knowledge of *and* engagement in private investment and development cooperation practices and his ability to enact and transform respective rules and resources. Therefore, to some extent, the PPP consultant resembles the entrepreurial agent envisioned by Burt (1992), who, driven by entrepreurial energy, bridges structural holes and thereby makes use of information and control advantages. However, the consultant's *strategic* capability was closely linked to the *systemic* capability he moreless reflexively enacted. The latter enabled and constrained the former, whereby the consultant engaged in (re-) producing *boundaries of legitimacy* (and visibility) to maintain strategic autonomy.

These boundaries both enabled and constrained the way the consultant performed his roles. So, from the perspective of the public development agency, the consultant was accepted as a partner as long as he managed to communicate that "his" PPP projects were in line with the criteria set up by the ministry for cooperation and development. In the eyes of the private clients, his role as a PPP consultant was legitimized as long as he managed to provide funding via the PPP programme. To secure his position, the consultant permanently engaged in translating, masking and celebrating his formal roles in the respective relational contexts. Notably, the very institutionalization of roles in both networks helped him to distance himself from them and to perform them, at the same time (see also Luhmann 1972 [1964]). However, the consultant's strategic capability to reconcile potentially conflictual public and private interests in development cooperation has to be seen also in relation with the contradictory rules of legitimation in policy-making and -implementation today. In particular, there is a tension between the rule or expectation to be cost-efficient and the rule or expectation to protect / pursue public interests.[15] These institutional contradictions helped the consultant to legitimize his facilitating role(s) and allowed for considerable discretion in performing them (Whittington 1992; Seo/Creed 2002).

Still, though the PPP consultant managed to get through a number of projects, in later phases of the programme, his specialized area – education and training measures – ran "out of fashion". After all, the PPP consultant's ability to diversify in thematic fields was limited. Also, more "innovative" projects, e.g. in less developed countries, were demanded by the ministry, which the PPP consultant could hardly provide. The case has demonstrated, however, how (sub-) networks of policy implementation can come into being through the recursive and reciprocal positioning of particular actors in sets of interdependent relationships. In fact, the positioning of the focal actor co-evolved with the constitution and reproduction of the very networks the actor was embedded in, for, arguably, the consultant's ability to enact

[15] In development cooperation the situation is even more complicated since development measures in "Third-world" countries are largely out of public sight, though they are appreciated by the public in abstract terms.

PPP funding as a resource triggered the way both the policy implementation network and his private consulting network (co-) developed.

Case 2: The Local Workcamp Agency

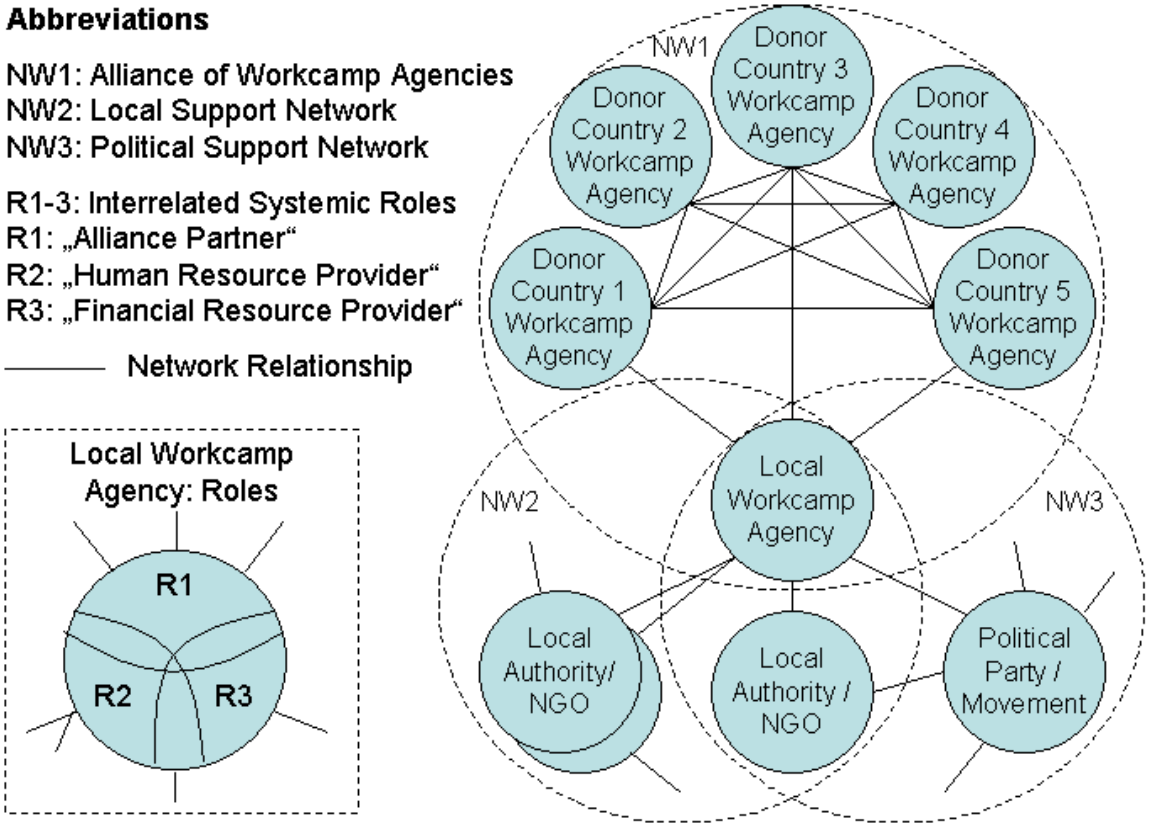
Unlike the previous example, this case study looks at development cooperation projects organized by non-governmental organizations (NGOs) which, like governmental and private organizations in this field, have developed global and local networks to promote regional development, cultural interchange and humanitarian aid (see in general Topcu 1999). This case is inspired by personal experiences in a developing country where I worked as a volunteer for regional development projects. The German NGO which arranged my voluntary work mainly engages in organizing workcamps for youth from Germany, and, in doing so, collaborates with many workcamp agencies in donor and developing countries. Although I was not a "workcamper" myself, I had the chance to get to know one partner NGO in the country where I served as a volunteer. The way this NGO has been embedded in and, thereby (re-) produced different networks will be examined, next.

In general, workcamp tourism is a fashionable trend for the youth, as it combines cultural experience, adventure and social engagement. Unlike PPP projects, workcamp projects are only little formalized. Still, they are evaluated by the workcampers based on the criteria mentioned above. However, what workcampers hardly know (and care) about is the way their financial and human resources are "actually" used. This lack of insight (and interest) has been recurrently "exploited" by a local workcamp agency whose multiple roles in different systemic settings will be looked at.[16] The agency established in the early 1990s as an NGO aimed at promoting the development of the country it represents through voluntary service. The NGO is a member of a worldwide network of voluntary service organizations. The reasons why this NGO came into being and why local people have engaged in this NGO, however, may diverge from the expectations many people from the "West" probably have of "NGO work". Though, the promotion of regional development may be a true reason, other reasons include the accumulation of local prestige, the acquisition of financial resources and the opportunity to get into contact with people from the "West", for multiple purposes.[17] In fact, like the PPP consultant, the NGO is an entrepreneurial actor who has engaged in activities in multiple – economic, political and social – domains (Araujo/Brito 2002) some of which will be looked at in terms of their systemic interrelatedness.

[16] Most of the following information is second-hand and incomplete. The aim is neither to draw a consistent picture nor to judge on the activities this NGO has been engaged in. Rather, the case is meant to demonstrate how formal and informal network practices may interrelate systemically.

[17] Arguably, one purpose is to make use of these contacts for travelling and/or for leaving the home country for work.

Figure 2: The Local Workcamp Agency as a Network Agent



To understand why the NGO "exists" the way it does, again, three systemically interrelated roles must be distinguished. First, as described above, the agency takes the role as a partner in a worldwide network of workcamp (and other voluntary service) agencies (R1). In this role, it organizes workcamps for youth from "the West" which normally last one or two weeks, provide work for up to twenty people from different countries and take place at different locations. For the participants of these workcamps, the "impact" of the projects for regional development is not of primary importance.[18] Instead, what makes workcamps a "great experience" is the intercultural flair and the ideological message they provide. The latter, in particular, refers to the "social motive" of doing not-for-profit "community work". This mission was expressed by one NGO representative:

"We take no money for what we are doing here. We are proud of doing social work." (Representative of Local NGO)

As a second role, the NGO provides human resources to local authorities and partner NGOs (R2). Local authorities and NGOs welcome "Western" youth for many reasons: Not only do they spend money as tourists, but they provide cheap labour and symbolic capital. The latter involves the prestige local authorities can enact from engaging "Western" youth in regional development projects. As a third role, however, the NGO also engages as a financial supporter of a political movement (R3) which, in some regions of the country, has gained a powerful position, and whose members and supporters enjoy considerable priviledges. The movement, however, is considered "radical" by some observers from abroad, so that the be-

[18] In fact, most workcamp projects organized by this NGO have been rather "ineffective" in regional development terms. For example, a forest reservation project was set up during monsoon, where workcampers had to dig holes for planting trees which repeatedly collapsed over night. Another example refers to the construction of a community building on a remote island. Not only do local people normally meet in open places rather than buildings, but, more importantly, there was hardly any "community" in this place which could meet, at all.

gitimacy of these support activities can be questioned, e.g. from *other* workcamp alliance partners. In fact, the very ability of the NGO to provide financial support derives from its ability to enact registration fees from workcampers which exceed workcamp expenditures to a considerable degree. In turn, the NGO's very capacity (and motivation) to provide workcamps that adhere to the expectations of the workcamp alliance is partly dependent on the support it receives from the political movement. That is, representatives of the movement probably know about the sources the NGO makes use of for financial support and legitimizes the way it does so. Notably, some of the local authorities the NGO collaborates with also support the movement which further facilitates the organization of workcamps within the administrative borders of these authorities.

The important point is that, by taking these multiple, yet systemically interrelated roles, the NGO has established a "multivocal" position which refers to the fact that its "actions can be interpreted coherently from multiple perspectives simultaneously" (Padgett/Ansell 1994: 1263). Again, however, the roles the NGO takes must be viewed both from a strategic and systemic standpoint. Though, on the one hand, this NGO clearly has proven entrepreneurial competence in interrelating these roles, on the other hand, its strategic capability is enabled and constrained by "systemic opportunities" in general and (systemic) "boundaries of legitimacy" in particular. Therefore, one could say that the NGO engages in spanning boundaries of legitimacy and thereby performs systemic roles and pursues strategic objectives which co-evolve with the NGO's multi-systemic positioning. Boundary-spanning in this sense *always* has an informal character, to some extent, and is strategically "induced". At the same time, boundary spanners, such as the NGO, *always* behave according to moreless formal expectations, to some extent, and are systemically "embedded". The strategic and systemic contexts, as well as formal and informal processes are always interrelated, since strategic – informal – action involves the systemic – formal – enaction and transformation of rules and resources for multiple – again systemically embedded – purposes. That is why, the NGO can only stay in this position as long as it is able (competent) and *en*abled (allowed) to organize workcamps (R1) and support local authorities and political movements (R2, R3).[19]

This, finally, leads to the question to what extent agency in networks can be controlled both from the perspective of the agent and the network(s) which agents are embedded in. This issue will be discussed in the following final chapter.

On the Control of Network Agency

In this chapter, finally some issues of network control are discussed, from a managerial, socio-theoretical standpoint. Before doing so, the concept of *control* has to be clarified. In general, control refers to the interest and capacity of certain actors or systems to maintain stability/security, order and power/autonomy, through the monitoring and potential sanctioning of behaviour (e.g. Giddens 1979: 131 ff.). Though from a systemic viewpoint, control can be regarded as a *functional feature* of systemic operation, it is always related to issues of power and, therefore, cannot be separated from *political processes*. However, rather than assuming that in the world today particular actors or powers, such as the state, exist, who are "in control" and thereby stabilize systemic order and power relations through surveillance (see e.g. Dandeker 1990; Lyon 1994), it is assumed in the following that under conditions of global connectivity (see introduction), there are considerable limits of control and controllability of economic, political and cultural processes and interactions, in particular of those that span administrative boundaries.[20] The term "risk society" nicely captures this increasing anxiety

[19] Whether or not the NGO is still partner of the workcamp alliance is unclear. When I returned from my voluntary service, I told the German NGO representative about my observations and assumptions so that this particular partnership may not exist any longer.

[20] Still, with regard to "global terrorism", in particular after 9-11, several measures have been implemented to celebrate control, e.g. the Patriot Act. As many critics argue, while the effectiveness of these measures in terms of "fighting terrorism" may be limited and the bureaucratic costs may be high, they potentially have at least a

(e.g. Beck 1986). Against this background, control in general and control of network agency in particular, will be understood as a reflexive and dialectical process of monitoring and sanctioning (network) agency.

As has been argued, *network agency* – perhaps more than "behaviour" in organizations and markets – can be seen as a reciprocal and interdependent process of *strategically induced* and *systemically embedded* role formation and enaction expressed through the relational positioning of social actors. Thereby, the systemic reproduction of networks very much depends on the way *particular* – individual or collective – actors "behave" in relation to others. That is, network agents co-create the very networks they are embedded in, in particular by taking multivocal positions. The case studies have focused on two network agents – the PPP consultant and the local workcamp agency – whose multivocal positions have been scrutinized. However, the principle of multivocality potentially refers to *all* network agents more or less directly. So, for example, from the perspective of the PPP consultant in Case 1, the public development agency "serves" as a provider of public funding for the consultant's clients, regardless of whether the agency sees itself in this role or not. Equally, from the perspective of the local workcamp agency in Case 2, the partner agencies in the alliance "serve" as facilitators for the enactment of financial capital from the workcampers, whether or not these agencies are aware of it. This leads to a fundamental point: Network agents are (and can be made) accountable *as agents*, or better to say: as "positional actors", rather than just as performers of certain roles (see also Luhmann 1972 [1964]: 172 ff.).

Correspondingly, "systemic" and "positional" aspects of control will be distinguished, yet seen in relation to each other. In *systemic terms*, network agents act based on systemically reproduced rules of signification and legitimation as well as systemic expectations of role behaviour which they adhere to in order to be accepted as "system members". In particular, based on *formal* rules and expectations, network agents can be "controlled" both from "inside" and "outside" the system. For example, the development agency in Case 1 may set up contracts or guidelines with the PPP consultant, such that their relationship can be made transparent. Furthermore, project reports and evaluations can be (and have been!) made which reveal to what extent these PPP projects adhere to respective systemic norms. However, systemic control goes beyond formal documents and procedures as certain expectations institutionalize according to "systemic regularities", so that boundaries of legitimacy are maintained, e.g. with regard to practices of development cooperation. Still, there are aspects of network agency that can hardly be interpreted (or controlled) in any systemic terms. These are *positional aspects* as implied in the way actors are embedded in multiple systemic settings. "Positional" control means that actors must be (made) aware of and taken accountable for the multivocality of their roles in relation to others. This, in turn, requires an understanding of the way "networks work", that is the way resources can be mediated and transformed through actors who span systemic boundaries (of legitimacy).

The difficulty of "implementing" positional monitoring lies in the lacking (or: multivocal) systemic reference of action. However, one way of institutionalizing positional accountability and control is to stimulate *positional responsibility, learning and reflexivity*. Not only do network agents engage in reflexive monitoring for their own sake, but their reflexive understanding of network agency can be enacted as a "systemic resource" for "network control". For example, in Case 1, the development agency could exchange its experience in working with the PPP consultant with other development agencies so that some "network knowledge" may develop. However, the capacity to generalize "positional experiences" is limited, for the very development of network relationships can be fairly idiosyncratic. Still, some *positional*

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disciplinary effect in the sense that those people aware of these measures may anticipate and even internalize them as "omnipresent", yet "invisible" instruments of control (see Lyon 1994). Even then, while in particular IT surveillance may be "strong" in terms of collecting, categorizing and matching (individual) data and information, e.g. to "facilitate" profiling (Lyon 1994; Zuboff 1988), it is arguably "weak" in terms of realizing the economic, social and political processes and interactions that support or interrelate with "criminal activities".

or relational awareness and accountability may help to promote the reflexive enactment and exchange of resources and the reflexive selection of network partners, not only with respect to their "systemic fit" but their potential embeddedness in different systemic settings and their potential capability to enact systemic resources for multiple purposes within and beyond boundaries of legitimacy. However, as indicated before, control is a political process which implies that there are multiple interests involved, e.g. when network partners are selected or rejected. Still, institutionalized positional / relational awareness and accountability helps to act reflexively as a network agent and to be able – if necessary – to give reasons for one's network decisions and practices.

Conclusion

This article was aimed at theorizing and analyzing the constitution, reproduction and penetration of boundaries of legitimacy in networks, against the background of increasing connectivity in the world today. To understand how such boundaries are maintained, networks have been introduced as systemically reproduced sets of interdependent relationships which potentially penetrate each other. This very "quality" of networks can be explained by the capability of network agents to competently and reflexively span boundaries of legitimacy through their positioning within and across systemic boundaries. To understand boundary spanning practices in networks, both the concept of boundary spanners and the distinction between formal and informal practices have been applied from organization research. Accordingly, formal network practices have been defined as those activities which relate to institutionalized rules and role formations *within* systemic network boundaries. Informal network practices, by contrast, comprise those network activities which deviate from formal expectations, but still relate to them. However, while an organizational perspective looks at formal and informal as well as boundary (spanning) activities largely from a focal systemic viewpoint, a network perspective looks more dynamically at the way activities and roles interconnect *within and across* systemic settings.

How network agents engage in formal and informal network practices and thereby maintain and span boundaries of legitimacy has been analyzed for the case of two development cooperation networks. The cases reveal that certain network agents are able and enabled to strategically enact systemically reproduced rules and resources and to transform them in different systemic contexts. Thereby, they take multivocal positions which allow them to reciprocally and recursively engage in *informal practices* of interrelating *formal practices* of interrelation. This dual character of network agency has been explained by the idea that network agents co-create the networks in which they position themselves. So, more than the reproduction of organizations or markets as social systems, the reproduction of networks can be seen as dependent on the strategic *and* (multi-)systemic positioning of *particular* actors in relation to each other. Against this background, *every* network agent potentially spans boundaries of legitimacy in the way he enacts and transforms rules and resources. However, only some actors are aware of and make reflexive use of "network agency", like those analyzed in the case studies. Therefore, to "control" network agency, beside *systemic* control, some *positional* control practices seem necessary which potentially rely on the relational awareness and accountability of actors. They may not only help actors manage relational contingencies, but may help societies to deal with increasing connectivity within and beyond boundaries of systemic legitimacy and transparency.

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