

# Transparency or Secrecy? Business-Government Relations in a Networked Era

**Jeffrey Roy**  
Dalhousie University

## Abstract

*This article examines how the patterns of business-government relations are changing in an increasingly networked era. The primary focus in this investigation is the widening scope of collaboration and partnerships between both sectors, and the arguments for and against such interaction. Subsequently, how these arguments relate to transparency and secrecy in the formation of new governance arrangements as well as accountability and performance of such arrangements are also considered. The essential role of transparency is put forth as the key to being able to distinguish between collaboration and collusion and to promote the former as a basis of more virtuous hybrid governance models enjoining business and government.*

## Introduction

This article probes the world of business-government relations in an increasingly networked era in order to ascertain both how sectoral interactions are changing and the impacts of any such changes. This debate is considered from two vantage points: first, arguments for and against collaboration and partnerships between government and business; and second, how such arguments are intertwined with transparency and secrecy as key determinants of accountability and performance. With credence given to the notion that openness is an important element of good governance systems that, in turn, underpin development and accountability (Miles & Roy, 2001; Fukuyama, 2004), the relative balance between transparency and secrecy is an important determinant in shaping both the style of business-government relations and the coordination and adaptive capacities for a jurisdiction as a whole.

Governance may be defined as the means of coordination in a world where power and information are increasingly distributed (Paquet, 1997). The latter part of this definition, a networked world, underlines the complexity of both decision making and accountability within and outside of organisations, in an environment that some have termed as the 'age of transparency' (Tapscott & Ticoll, 2003). The explosion of a new digital infrastructure, the Internet in particular, is a key distributive force in this regard.

This generic definition of governance means that, while useful as an umbrella term, it is also necessary to be more precise in application to either: i) a unique organisation, private or public; ii) a specific sector (democracy and the realm of government or competitive markets as the business realm); or iii) a jurisdictional system such as a city or a country.

Within the confines of a country such as Canada, the primary focus of this article is an exploration of the latter; systemic dynamics of inter-sectoral governance that shape the collective performance of a holistic jurisdiction (either for better or for worse). In other words, our interest lies not in dissecting the specific governance dynamics within each sector but rather in understanding those processes enjoining them. How they are *independent* is one aspect of this storyline in terms of both their separation and efforts of industry to influence government. An equally important storyline, however, is growing *interdependence* across increasingly fluid sectoral boundaries when shared pursuits rival or ultimately trump separate interests.

Drawing primarily on the works of two leading Canadian scholars to help frame this debate, and secondarily on a wider and related literature review from Canada and elsewhere, the next two sections of this paper each present a different conceptual lens for understanding business-government relations and consider how forces for transparency and secrecy are playing out within each one. Section four then builds on this analysis by making a case for virtuous hybrids as an integrating concept of both independence and interdependence that is central to good governance and tensions between realising its potential are discussed within the Canadian context. Section five offers a brief conclusion of key lessons learned and directions for future research and debate.

## **Independence**

The first conceptual lens is owed to the late Jane Jacobs, an American-born citizen of Canada perhaps best known for her writings on the workings of cities and urban life. However, her 1992 book entitled *Systems of Survival* makes an important contribution to the understanding of business and government as separate and distinct domains or 'syndromes' to use Jacobs' chosen term.<sup>1</sup>

The book is written as a dialogue between a group of diverse individuals who come together to explore the moral underpinnings of modern societies. A central tenant of the book is the presentation of the private and public spheres as two independent worlds, depicted and contrasted as the guardian and the commercial syndromes. In each case, a set of principles and values defines the purpose and behaviour of actors, be they individuals or organisations, operating within institutionalised boundaries. The result is a form of covenant governing the actions of each group that, in turn, translate into market-driven versus government-based incentives and choices.

The following traits summarise Jacobs' two syndromes:

#### A. COMMERCIAL MORAL SYNDROME

Occupations associated with it concern commerce, production of goods, services for commerce, most scientific work.

The classic bourgeois values and virtues.

The condition characterized by these "symptoms" is viable commercial life.

Shun force  
Come to voluntary agreements  
Be honest  
Collaborate easily with strangers and aliens  
Compete  
Respect contracts  
Use initiative and enterprise  
Be open to inventiveness and novelty  
Be efficient  
Promote comfort and convenience  
Dissent for the sake of the task  
Invest for Productive Purposes  
Be industrious  
Be thrifty  
Be optimistic

#### B. GUARDIAN MORAL SYNDROME

Occupational groups: armed forces and police, aristocracies and landed gentries, government ministries and their bureaucracies, commercial monopolies, law courts, legislatures, religions (especially state religions).

The condition is the work of protecting, acquiring, exploiting, administering, or controlling territories.

Shun trading  
Exert prowess  
Be obedient and disciplined  
Adhere to tradition  
Respect hierarchy  
Be loyal  
Take vengeance  
Deceive for the sake of the task  
Make rich use of leisure  
Be ostentatious  
Dispense largesse  
Be exclusive  
Show fortitude  
Be fatalistic  
Treasure honor

Source: Roy (2007b: 5).

Two important assertions arise from this depiction and its discourse-based application to modern governance systems. First, individuals are naturally drawn and more suitable to one sphere of activity or the other and, second, crossing over and mixing individuals and organisational activities from both spheres is inherently dangerous, leading to what Jacobs terms as 'monstrous hybrids'. As a result, a key message derived from this narrative is the importance of separateness between business and government, in large part due to the dangers of inappropriate mixing or collusion.

Taken at face value, Jacobs' presentation merely serves to reinforce the important contrast between public purpose and private gain. It bears noting, however, that this seemingly obvious message came after a decade of largely conservative rule in Anglo-Saxon countries during which the rise of new public management strongly encouraged the importation of business practices and values (and in many cases people) into government, whereas within the private sector the growing movement toward sustainable development was based on embracing the guardian-like responsibilities of business organisations to exercise greater ecological sensitivity (Hawken, 1993).

As the mixing of public and private interests has arguably become more common, perhaps unavoidably so in light of today's governance complexities, there is an increasing need to: i) ensure safeguards are in place to govern individual and organisational conduct

both within and across each sphere; ii) design and implement appropriate mechanisms for evaluation and learning; and iii) foster awareness and dialogue as to where the appropriate boundaries lie between commercial and guardian endeavours in light of changing socio-economic, political and technological circumstances (Roy, 2007b).

A commonality across all three requirements is the foundational role of transparency. The importance of some level of openness as a foundation for democratic governance is well articulated in a decision of the Supreme Court of Canada in 1997 (Reid, 2004: 80):

*The overarching purpose of access to information legislation ... is to facilitate democracy. It does so in two related ways. It helps to ensure, first, that citizens have the information required to participate meaningfully in the democratic process and secondly, that politicians and bureaucrats remain accountable to the citizenry.*

Although there is no standardised definition of what it means for the public sector to be transparent, a useful starting point is to equate transparency with some degree of openness to those with either a right or an expectation of being able to scrutinise and understand government action. Transparency thus underpins accountability, and the emergence of the Internet has heightened expectation for more government transparency as an informationally-empowered citizenry alters its views on authority and power, shunning deference and attaching less importance to traditional representational roles and structures (Courchene, 2005; Gompel, Steyaert & Kerschot, 2007). The rise of movements such as 'transparency networks' suggests futility in attempting to contain much less control information in such settings (Dwyer, 2004: 119):

*The information flow is also evasive – rendering information monopolies and opaque environments ineffective and transparent. Corporations, governments and industries have spent decades erecting barriers to information flow into and out of their various organizations (Stiglitz, 2001) ... The advent of the transparency network renders such control and management techniques ineffective.*

As this quote implies, the importance of such movements are also of great importance in the private sector, effectively underpinning Tapscott and Ticoll's depiction of the age of transparency that challenges corporations to act more proactively in releasing information and consulting stakeholders, rather than attempting to limit, manage and spin information flows (in line with a more traditional communications and public relations mindset). While corporate performance continues to vary in this regard across industries and jurisdictions, such thinking has become pervasive in modern corporate governance discussions: disclosure and transparency guidelines are one of five key corporate governance principles adopted by the Organisation for Economic Co-operation and Development (OECD), which is an inter-governmental body that is perhaps the closest proxy for a global consensus in the developed world on such matters. Accordingly, recent changes to securities law and stock exchange guidelines in Canada also add greater weight to transparent reporting and routine disclosure of performance and operations as well as a detailing of company governance (Tory, 2004).

Such pressures within government and industry also shape interactions between both sectors, notably in models of public-private partnerships where the importance of

transparency is increasingly recognised as an enabling condition of effective governance (Langford & Roy, 2006a, 2006b; Lenihan, 2007; Roy, 2007b). Nonetheless, despite such recognition, openness has not typically been common in inter-sectoral arrangements and there are countervailing forces that continue to either directly or indirectly encourage resistance to such claims.

### ***Contracting, Complexity and Security***

There are three central aspects of contemporary governance arrangements enjoining the private and public sectors that fuel either outright secrecy or diminished openness. They are: contracting, complexity and security. With respect to contracting, the penchant for secrecy on the part of private firms seeking to enter into various forms of organisational partnering arrangements (such as the outsourcing of specific functions) is less a sinister pursuit than a natural extension of the logics of private contracts and intellectual property that pervades market activity. Governments too often have their own reasons for limiting openness in terms of how partners and sub-contractors are selected and for this reason openness in government procurement is central in limiting the potential for mismanagement and corruption (Lawther, 2002; Lenihan, 2007).

Not only is this logic being challenged in the private realm due to innovations such as open source software for example, but there is growing evidence to show that secrecy weakens performance in the realm of public-private partnering as accountability is limited and problems are allowed to escalate (Dixon, Pottinger & Jordan, 2005; Barton, 2006). A plausible case can thus be made that openness is both a virtue and a necessity in collaborative undertakings between both sectors, but codifying risk and protecting proprietary information through formalised contracts remain powerful vices.

With respect to complexity, the fluidity of organisational structures and human capital coupled with today's technological connectedness render stark divisions between business and government increasingly difficult to uphold (Langford & Roy, 2006a). In the realm of public sector service delivery, for example, the trend of de-emphasising business and government boundaries in favour of a customer- or citizen-centric perspective is indicative as even the terms 'customer' and 'citizen' are often used interchangeably. Global consultancies such as Accenture (2007: 8) implore more collaborative and diffuse patterns of activity:

*As governments look to the future they realize they cannot deliver on the full promise of leadership in customer service on their own. Their linear, process-oriented business models are evolving into complex ecosystems of citizens, communities, business partners, non-governmental organizations, and other stakeholders, all of which take on a share of responsibility for developing and providing value-led services.*

On the one hand, there is nothing hidden about these approaches as governments explicitly strive for better customer service and showcase their partnering models for doing so. The challenge, on the other hand, however, stems from the misfit between the operational conduct of such governance models and the demands for simplistic clarity that remain pillars of democratic institutions. In government, the greater the crisis or error, the more intense the pressure is to point to 'someone' in charge (or to blame). More

subversively, this misfit between networked organisations and shared operational accountability and the stark and linear dynamics of political accountability is arguably a form of secrecy in limiting the public's understanding roles and responsibilities, especially in terms of performance and outcomes (Roy, 2006a). The outcomes-based logic of customer relationship management and the like furthers this risk by encouraging the public to be passive users of services rather than active citizens, further fuelling distrust and cynicism when problems invariably arise (Dutil *et al.*, 2007).

The rising importance of security is the third cause of secrecy in terms of business-government interactions, though in many respects it is closely intertwined with contracting and complexity. A key issue in such an environment is an absence of sufficient openness on the part of public authorities (Reid, 2004). Many government watchers claim that over the past four years, in particular, the culture of secrecy has been significantly reinforced at the expense of transparency and public accountability.<sup>2</sup> Another related dimension to this nexus between security and secrecy is the extraordinary level of complexity that permeates an increasingly ubiquitous and invisible infrastructure extending across the realms of both government and commercial activities (O'Harrow, 2004: 300):

*Law enforcement and intelligence services don't need to design their own surveillance systems from scratch. They only have to reach out to the companies that already track us so well, while promising better service, security, efficiency, and perhaps most of all, convenience. It takes less and less effort each year to know what each of us is about ... More than ever before, the details of our lives are no longer our own. They belong to the companies that collect them and the government agencies that but or demand them [sic] in the name of keeping us safe.*

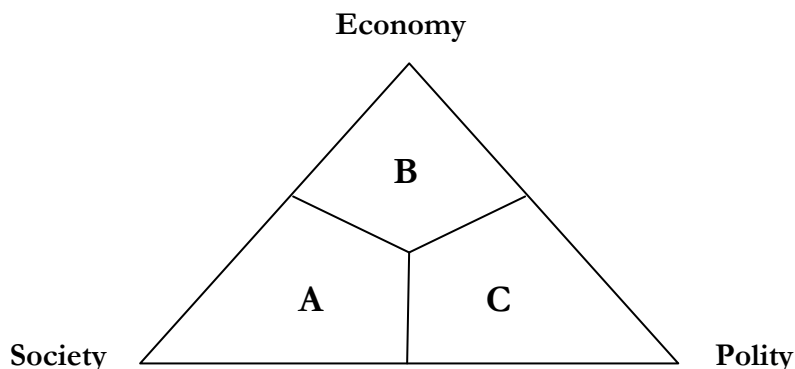
Although once again the existence of such information might imply openness as opposed to secrecy, it is the nature by which these infrastructures function and how the information is used that is cause for concern. In the US, scholars and journalists alike depict an excessively secretive apparatus defying public awareness and understanding, and thus accountability (Roberts, 2006; Gup, 2007). The US is not alone; similar charges have been levelled against the European Union, and countries such as the UK and Australia have been under intense pressure to divulge more details of their new identity card and authentication schemes that rely heavily on effective partnering between the public and private sectors (Roy, 2006b). Likewise in Canada, the national security apparatus has come under fire in recent years for numerous incidents and scandals pertaining to information flows between companies and governments both within the country and across the Canada-US border (Roy, 2006c).

In summary, without sufficient transparency to guard against contractual and technological complexity, the greater the likelihood is that governance mechanisms enjoining the private and public sectors will yield the sorts of negative consequences for a jurisdiction as predicted by Jacobs.

## Interdependence

An alternative depiction of business-government relations shifts from actors and strategies of influence to the overall learning and mutual adjustment abilities of a jurisdiction's governance system as a whole. This 'co-evolutionary' perspective of private, public and civic spheres (the latter also referred to as civil society, the non-profit or third sector<sup>3</sup>) is one that respects the need for sectoral boundaries while emphasising the manner by which sectors are also interdependent (not only influencing one another according to their own specific agendas and structures but also engaged in concerted processes, the resilience of which determines the collective governance performance for a jurisdiction as a whole).

Central to co-evolutionary performance is, therefore, social or collective learning; a process of mutual adjustment that comes about as three distinct sectors – private, public and civic – each one not only acting individually according to their own specific ethos (competition in the marketplace, coercion in the state and reciprocity in civil society) but also collectively. To illustrate, Gilles Paquet adopted a modified governance triangle that is derived from the theoretical underpinnings of institutional economist, Kenneth Boulding. The Boulding triangle is construed as follows:



Source: Roy (2007b: 11).

Paquet explains that boundaries separating the sectors, and thus point 'K' as the intersection of these boundaries, are in constant flux from impacts both large and small in a given jurisdictional environment. For instance, a natural disaster of one sort or another can dramatically, albeit hopefully temporarily, cause the market sector (economy) to contract in favour of government action (polity) and/or the self-organising capabilities of citizens and communities (society). Often more subtly, democratic elections, economic growth and policy shifts driven by either foreign or domestic circumstance can alter the relative sectoral balance.

Paquet's depiction of these interdependencies is particularly apt in portraying the systemic governance challenges of a jurisdiction as a set of many different types of organisations and institutions. Indeed, while today the term governance is nearly ubiquitous in applications to both intra- and inter-organisational processes of one sort or

another, Paquet's pioneering work in Canada drew attention to the need for a country, or a domestic sub-national jurisdiction such as a province or city, to foster productive working relationships between sectors (Paquet, 1997, 1999, 2005). In contrast to Jacobs' emphasis on distinction, Paquet underlines the need for dialogue (Yankelovich, 1999).

Within the Boulding triangle, whereas Jacobs serves as a reminder that each sector has a unique purpose (that, in turn, shapes how individuals and organisations behave within each sector), Paquet's focus on the systemic governance challenges of coordination and adaptive performance capacities embrace a much greater degree of fluidity across sectors as virtuous. Moreover, the Boulding triangle also reminds us that such interaction may often be influenced by the presence and mobilisation of the civic or third sector. Non-profit organisations, non-governmental organisations and less formalised social movements (many of them are virtual information) all occupy an important dimension of governance in the industrialised world.

Globalisation and technological innovation heighten the importance of strategically aligning both the outer and inner boundaries of the Boulding triangle as a depiction of jurisdictional governance. Only the collective learning of a system as a whole can therefore suffice. Indeed, in this first decade of the twenty-first century, the term governance has become something akin to a global ideology of how countries (as well as jurisdictions both within and amongst them) must organise themselves in order to succeed. Mintzberg (1996) made this point with respect to spheres of management and organisation (emphasising sectoral distinctions and the allocation of specific functions to each sector), whereas Fukuyama (2004) frames the governance challenge as one that is more encompassing of partially distinct and partially overlapping spheres that collectively determine a country's ability to steer itself in an increasingly turbulent environment.

With its emphasis on interdependence and relational complexity, the Boulding triangle and Paquet's portrayals of governance are well aligned with stakeholder theories that seek to embed the private firm within a Boulding triangle-like set of partnerships and obligations. The aforementioned OECD principles of corporate governance thus include an explicit recognition of such stakeholder ties alongside shareholder interests as a basis of optimal corporate behaviour (Witherall, 2000).

At the same time, the applicability of corporate governance as a composite of shareholder and stakeholder relationships extends beyond the marketplace. In the public sector, for example, crown corporations, regulatory agencies and traditional departments reorganising themselves according to performance-based management principles all carry corporate governance challenges. A steadily increasing reliance on non-profit structures, both within civil society and as hybrid entities across private and public interests also entail corporate governance choices, even as the invocation of the term 'corporate' may or may not carry from one sectoral setting to another. In a manner fashioned on Paquet's co-evolutionary perspective, the OECD goes further in recognising corporate governance as a systemic and collective challenge for a jurisdiction as a whole and, indeed, as a 'foundational for global prosperity' (Witherall, 2000).

Paquet's message refutes Jacobs' in espousing the positive virtues of inter-sectoral collaboration. Furthermore, in a digitally networked era, there may well be no realistic



alternative but to proceed down such a collaborative path (other than abandoning it completely) as governments have neither the skills nor the resources to create a sophisticated, interoperable identification scheme on their own (Langford & Roy, 2006a, 2006b). Increasingly, the fabric of public sector organisations and their public interest pursuits includes a healthy dose of private sector involvement. The result is that black and white dichotomies of market (private) versus state (public) are giving way to collaborative endeavours that blur the boundaries between both sectors. Some have therefore called for a rethink of the usefulness of such boundaries altogether and the forging of a new space explicitly encompassing overlapping and interlinked public and private dimensions (Andreescu, 2003).

This new space is one that finds credence in Paquet's co-evolutionary world where resilience and adaptiveness are driven by mutual adjustment and collective learning. The difficulty, however, lies in crafting a new space that respects the structural and cultural specificities of markets and democratic arenas respectively. The ideal situation is one where, as Jacobs acknowledged, humans make good use of both moral syndromes (the commercial and the guardian).

Does such wisdom imply upholding boundaries and forcing individuals to choose or, rather, does it instead imply a melding of the syndromes into something more integrative and new? The answer is invariably fluid and it is the nature of the discursive process for tackling such fluidity - specifically whether it is open and accountable to the broadest number of stakeholders - that will determine whether hybrids of public and private interests are virtuous or not.

## **Toward Virtuous Hybrids**

Despite the emergence of a more socially, technologically and organisationally networked world, the messages put forth by Jacobs and Paquet with respect to sectoral relations remain useful guideposts. Business and government continue to be fundamentally different in both purpose and structure, they continue to influence and attempt to influence one another on matters of policy and strategy, and they continue to be intertwined in shared governance models and processes that impact themselves as well as their jurisdictions as a whole.

The security imperative prevalent in a post-9-11 environment underscores the tensions at play as companies attempt to keep the guardians at bay with respect to new rules and regulations, while also seeking to exploit new opportunities in augmenting the public sector's organisational and technological capacities to combat terrorism and other threats. Security also poses a convergence of interests for business and government in facing what amounts to a set of interdependent prospects for a sustained balance of commercial growth and opportunity, on the one hand, and stability and security on the other. The digital infrastructure that underpins today's service oriented and increasingly online economy is the same infrastructure that enables governments to repackage their public service offerings while also trolling the vast oceans of information holdings for breaches, breakdowns and threats. Neither sector is up to this task alone and both sectors face grave consequences in the event of failure.

Even if the widening security agenda is one that intensifies the interdependence between business and government and the corresponding importance of collective learning (in effect, creating a need for more public-private hybrids), what conditions are likely to render interdependent forms of governance virtuous? There are two overriding and inter-related conditions: i) transparency and more direct forms of both participation and accountability; and ii) a language of stakeholder and public engagement.

Growing demands for transparency and direct accountability permeate concerns and discussions pertaining to corporate governance in the private realm and democratic governance in that of the public. Beyond calls for proper oversight and challenge functions on the part of boards and legislative committees respectively, shareholders and citizens are becoming less passive and deferential, seeking to become more informed and involved in shaping decisions and directions. Similarly, within organisations, this same logic is reflected in less hierarchical and more networked horizontal work patterns, personified by companies such as Google that provide their knowledge workers with the means and flexibility to create and collaborate (Economist Intelligence Unit, 2006).

Transparency is a precursor to such involvement both internally and externally. Yet it is not without its challenges as both corporations and governments may often feel as though accelerating information flows externally (emboldening activists and citizens alike) calls for a more tightly orchestrated message from within (Reid, 2004; Roberts, 2006). This tension between a command and control mentality rooted in clarity, decisiveness and top-down authority, on the one hand, and more consultative and collaborative styles of decision-making, on the other hand, is at the heart of the twenty-first century nexus between management, leadership and governance (Rheingold, 2002; Paquet, 2005; Roy, 2006b).

Such tension also pervades governance challenges of a more encompassing or systemic variety involving multiple sectors and how they interact. For instance, the traditional world of lobbying - secretive and often outside of the realm of formal structures and rules - is at least partially being challenged by more open and legitimacy-based lobbying (AccountAbility, 2005; Lane & Roy, 2006; Lowery, 2007). This perspective does not seek to negate the self-interested competitive motivations of private corporations that often clash with public interest as well as more collective demands, but rather it places a higher ethical standard on more open intervention (one that also creates the conditions for at least the possibility of compromise as a basis for consensus and learning when multiples interests and viewpoints collide).

This view of lobbying as a legitimate and overt business function encourages stakeholder thinking in corporate governance as companies must do more to act on their own behalf, thereby interacting more routinely and directly with public sector authorities and other societal movements (Lane & Roy, 2006; Gold & Dienhart, 2007). Processes and venues that transcend sectoral boundaries bring us more closely into Paquet's co-evolutionary world inspired by the Boulding triangle. In this type of environment, multi-stakeholder governance becomes not only necessary and workable, but also the optimal form of response.

Transparency remains key, however, if co-evolutionary and collaborative governance arrangements are to be successful in negating the sets of pressures for secrecy described above i.e., contracting, complexity and security. Without sufficient openness and engagement, the danger of Paquet's path is that it can lead to more traditionally closed forms of corporatism that, if left unchecked, can quickly morph into the less appealing hybrids envisioned by Jacobs.

This danger is particularly prevalent at the national level, especially in counties with relatively large and centralised public sectors. The risk is that centralised public sector bodies, with higher visibility and greater resource, may diminish the potential effectiveness of local governance by limiting participation and awareness, thus creating conditions that are more conducive to secrecy at worst or limited openness and restricted scrutiny and dialogue at best (Roy, 2007b). A recent depiction of the Government of Canada emerging from regional consultations illustrates the huge challenges confronting the federal government if it is to play an effective role as an agent of reform in a contemporary governance environment (Public Policy Forum, 2007: 3):

- *A heavily centralized, controlling decision-making structure is antithetical to an emerging environment that is decentralized and horizontal and in which power, resources, and information are widely distributed; and*
- *Rigid hierarchical and prescriptive accountability mechanisms do not provide the flexibility required to develop policy and to adjust service delivery to meet changing circumstances or local realities.*

Indeed, in recent years, and due in large part to a series of federal mismanagement and spending scandals involving the private sector to varying degrees, the emphasis has been placed on augmenting openness and transparency through new rules and controls. The Federal Accountability Act (FAA) - the centrepiece of the Conservative minority Government's first mandate - has introduced new measures to oversee and disclose lobbying practises, for example, as well as potential conflicts of interest arising from persons shifting between the private (especially lobbying firms) and public sectors; an approach very much in keeping with Jacob's dichotomy and insistence on independence and separation between sectors. Similarly, the national security apparatus has been rattled by a series of scandals stemming from information secrecy and an apparent lack of accountability and oversight in policing and anti-terrorism matters. A growing consensus has thus emerged on the need for greatly expanded openness and oversight, notwithstanding significant variations in viewpoints on how to do so, especially within and outside of national security and the federal policing community (Roy, 2007a).

The risk here of a vicious cycle stems not from the move to widen openness (clearly a laudable aim), but rather from the diminished willingness and capacity on the part of the federal government to nurture more innovative and collaborative governance arrangements. Although the government has recognised the widening importance of private-public partnerships in areas such as border security, research and innovation, and the delivery of public service (Langford & Roy, 2006b), it nonetheless remains stifled and unable to nurture the conditions necessary to enable their effective expansion and deployment (Hubbard & Paquet, 2006).

An important lesson here is that simply trying to diminish secrecy is insufficient. While transparency is an important element of good governance, it is only one element and must be understood as a precursor to more participative and inclusive forms of decision making with the capacity to grapple with complexity and collaborative action (Goldsmith & Eggers, 2004; Treadwell, 2007). For governments, in particular, this challenge means leaving behind stark comparisons between private and public in order to embrace a middle, and admittedly more murky, ground of networked and collaborative arrangements (Agranoff, 2003; Dwyer, 2004; Eggers, 2005). Stoker (2005) underscores this point well in his discussion of public value management as a discursive rubric of stakeholder and public engagement that enables government to play the sort of orchestrating role called for in a co-evolutionary world (p. 47):

*Politicians and officials have a particular legitimacy given that government is elected, but there are other valid claims of legitimacy from others, including business partners, neighbourhood leaders, those with knowledge about services as professionals or users, and those in a position of oversight as auditors or regulators ... The public value management paradigm relies on a stakeholder conception of legitimacy in its governance arrangements. The fundamental idea is that for a decision to be legitimate or for a judgment to be made, it is necessary to have all the stakeholders involved.*

The extent to which government is able to lead such a transformation depends on the public's role as not only consumers and shareholders in markets and democratic voters, but also as civic activists (Vitartas & Scott, 2006). Shared legitimacy thus stems from an open and inclusive dialogue about the importance of inter-sectoral collaboration and new governance mechanisms (Woodward, 2003; Hubbard & Paquet, 2005).

From the private sector perspective, the willingness and capacity of businesses to partake in these collective governance mechanisms are equally complex issues, likely requiring differentiation between increasingly globalised corporate structures on the one hand, and, on the other, smaller and mid-sized companies generally more embedded in their home countries and headquarter locales. Much depends on the perceived importance and legitimacy of stakeholder relations and corporate social responsibility within any given jurisdiction (Brous & Datar, 2007; Dubbink, 2007). The critical challenges are twofold: first, creating the conditions for a stakeholder-driven corporate ethos as less about philanthropy than strategic investments into good governance systems shaping corporate performance; and second, ensuring sufficient openness in order to facilitate a positive co-evolution of corporate behaviour, democratic activity and accountability, and civic engagement.

## **Conclusion**

As the patterns of interaction between the private and public sectors have evolved, there are important lessons from both conceptualisations of business-government relations reviewed in this paper. Jacobs' warnings about inappropriately fusing both purpose and interests clearly resonate in a world of growing complexity and interdependence where the assignation of roles and responsibilities in a clear and linear manner is increasingly

challenged. At worst, a governance system shunning openness risks corruption and cronyism. At best suboptimal performance is likely to result.

In light of today's technological, social and organisational realities, Paquet's co-evolutionary approach and other relational governance prisms, such as public value management, offer a qualified way forward. First and foremost, embracing complexity and interdependence through concerted action and more negotiated forms of legitimacy that are derived more on direct experience and engagement is essential (Edelman, 2005). The qualification here is the immense challenge for government in orchestrating the requisite sorts of collaborative and discursive conditions that often differ dramatically from tradition. Likewise for industry, a genuine and enlightened commitment to balancing shareholder and stakeholder relations is often no less a leap (Bullock, 2006).

Entwistle and Martin (2005) define this new collaborative agenda in terms of three critical areas in need of greater attention and study given their rising prominence: i) the cost and benefits of high trust inter-organisational relationships; ii) the ways in which partnerships combine the competencies of different sectors; and iii) the extent to which new partnerships transform public service (one can also add the structure and conduct of all participating sectors). Similarly, more research is required on shared forms of accountability emphasising both outcomes and results, on the one hand, and participatory approaches for achieving them, on the other. Finally, more study must be devoted to how jurisdictions, as a whole, nurture their collective intelligence as a basis for enabling the design and deployment of new relational governance mechanisms across jurisdictional and sectoral boundaries.

The essential role of transparency in this regard is to distinguish between collaboration and collusion between business and government (Gup, 2007), and to promote the former as a basis for the formation and execution of virtuous hybrids, be they for policy making and learning or service delivery and design. Stakeholder engagements taken seriously imply a willingness to engage in a constant discursive process of trade-offs and negotiation between private and public interests, showcasing the results of these collective efforts in order to forge proactive support and shared accountability (rather than the sort of reactive suspicion derived from after-the-fact auditing mechanisms, on the one hand, and the sort of media scrutiny and information leakage that is increasingly likely when secrecy is sought, on the other). This challenge is a commonality both within and across industry and government and it may well be the largest determinant of whether inter-sectoral hybrids prove monstrous or virtuous.

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## Notes

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<sup>1</sup> A useful review of this book by Professor Mary Ann Glendon of Harvard University is available online at: <http://www.firstthings.com/ftissues/ft9312/reviews/glendon.html>.

<sup>2</sup> In 1999, for example, 126,809,769 pages of government information were declassified. By 2004, this number has dropped to 28,413,690. Source: *Secrecy Report Card - An Update*. Retrieved: April 2005 from [www.openthegovernment.org](http://www.openthegovernment.org).

<sup>3</sup> There is no uniform definition for this other (often referred to as the third) sector that is nonetheless meant to encompass the many forms of formal organisations and informal movements that are neither private sector corporations nor public sector bodies.