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Governance work in inter-organizational networks: driving processes and structures

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Abstract:

There are many calls for further investigation of the underlying processes, practices and specificities of governance when economic exchanges are organized within networks. Through an examination of what governance involves and how it occurs in two clusters specialized in digital and video game industries, our multi-method study provides useful insights in the finalities and purposes of governance in an inter-organizational and collaborative context, the main tools and mechanisms that are being used and the structures supporting network governance. Our findings shed also light upon the processual nature of governance in networks contexts. Governance is a set of processes, or a “meta-process”, that are geared toward the (1) creation, the maintenance and the evolution of a set of common interests, (2) the design of a adapted architecture of rights and obligations and (3) the crafting of different mechanisms of coordination and control. These processes aim also to adapt the structure of governance continually to the frequent changes in the network attributes. We coin this process of governance functioning, evolution and continuous (re) actualization as governance work and argue for a new perspective about network governance.

Keywords:

network governance, interorganizational networks, video game industry, creative industries

I. Introduction and theoretical background

Networks are described in the literature as a superior organizational form that outperforms both markets and hierarchies by offering the advantages associated to both without their limitations. Depending on the adopted theoretical lens, studies show that the advantages linked to networks are plural. Networks members can enjoy relational rents, gain on transaction or productivity costs, improve inter-organizational learning, produce new knowledge and skills, enhanced competitiveness... (Dyer & Singh 1998, Grandori & Soda 1995, Gulati & Gargiulo 1999).

Regardless of the kind of advantages being sought, this surplus of positive performance is supposed to follow from the mobilization of trust which allows optimal coordination of exchange relationships between the involved partners and the deployment of social forms of control. Thus, many studies came to consider networks also as governance mode in reference to the peculiar coordination and control mechanisms that are in display within these particular collective actors.

As such, research has primarily strived to understand the motives and rationales behind the selection of networks and study the conditions that will drive firms to make, ally or buy. The focus has also been on how these firms can reap benefits from their network membership and ultimately get a competitive advantage (Provan et al. 2007, Ring & Van De Ven 1994).

But, as noted by Provan & Kenis (2007), within these studies, networks have been conceived, so far, as “undifferentiated forms” (p. 232). Yet, empirical evidence shows that networks can vary in forms, aims, origins and structuring processes and thus it could be misleading to consider them as a unified organizational form.

The polymorphous nature of these collaborative arrangements is contradictory with a study of network governance as solely a choice between three alternatives. The focus on the informal side of networks and their consideration as undifferentiated forms has led to an under investigation of their governance.

Often considered as informal arrangements based on voluntary actions, social relationships and bonds of trust and solidarity, networks are situated by many, scholars and practitioners alike, as being outside of the scope of governance in its traditional meaning (Borgatti & Foster 2003, O’Mahony & Ferraro 2007, Provan & Kenis 2007, Rodriguez et al. 2007, Winkler 2006). Having been developed and articulated in public contexts and as a matter of public administration before moving to the private sphere, governance has been, since, associated to matters of authority, power and allocation of decision rights. In the organizational literature, governance is equated with the crafting of coordination and control mechanisms and is conceptualized and studied as a structure or a system (Denis & McConnell, 2003). The utility and necessity of governance stem from the separation between ownership and management which can lead to opportunistic behaviors and give raise to a number of problems of moral hazard, selective intervention and possibilities of hold-up (Fama & Jensen 1983). Governance is thus a matter of interests’ alignment aiming to align the interests of an agent on those of

a principal. The study of corporate governance has privileged and reinforced this focus on the legal and formal aspects related to the regulation of collective actions within the boundaries of an organizational actor. Such matters seem in odd with the mobilization of trust, community-like links, and social control that are associated to network contexts.

However, by bringing together and requiring the cooperation of heterogeneous organizations and collective actors each having its own interests, ways of organizing and organizational culture, networks calls upon multilateral coordination of collective joint actions and the control of the interventions of heterogeneous organizational actors. The question of value sharing within networks designated also as meta-organizations is also a thorny issue. Networks are supposed to satisfy and bring utility to all their members. However, they do not have at their disposal the traditional bureaucratic and hierarchical tools that, otherwise in the corporate context, permit the allocation of authority and guarantee the accountability of the different individuals and the respect and enforcement of property and control rights.

These features in combination with the flexible and continuously moving boundaries of networks suggest that governance within network contexts goes beyond a single choice of an organizational form and is not limited to the sole use of trust and relational mechanisms of coordination and control (Dyer & Singh 1998, Ebbers & Wijnberg 2009, Gulati & Nickerson 2008, O'Mahony & Ferraro 2007, Uzzi 1997).

The existence of formalized networks and the phenomena of power, clan's formation, the mobilization of hierarchy within collaborative arrangements and differentials in bargaining powers suggest that other coordination and control mechanisms can be mobilized apart from trust and relational mechanisms.

These gaps are mirrored in recent calls for research which invites scholars to go beyond these questions and try to open up the black box of network functioning and governance. Instead of a "why" question research should examine the "what" and "how" questions and thus try to fathom what network governance is, what it does involve and especially how it is achieved.

This research takes a step forward toward filling these gaps by examining, empirically, how two clusters (which are typical examples of inter-organizational networks) are governed and through which mechanisms and structures. Departing from the existing literature, governance structure is defined here as a given distribution of property, decision and control rights and a defined set of coordination and control mechanisms that allow the enforcement and exercise of these rights. It includes also the mechanisms designed to resolve eventual conflicts between exchange partners. It is also about the design of the appropriate incentives and sanctions system which will match the decision and property rights distribution and guarantee their application and enforcement. We also assess the effectiveness of

governance structure and examine, in an evolutionary manner, how such structures need to adapt to the networks' particular features and changes within these features.

II. Methodology and research context

We have chosen to focus on the video games industry which, as a creative industry, displays distinctive features, making it an interesting field for a comprehensive investigation of governance in the network context. The firms within creative industries tend to cluster in tight agglomerations and rely on networks and projects for the organization of their production activities. These industries are also dependent on the social capital and the quality of the social networks linking their members (Aoyama & Izushi 2003, Caves, 2002).

The comprehensive aims of this research call for inductive design and a multiple case study approach which is appropriate to explore new research issues and build testable theoretical propositions. We used qualitative data collection, analysis, and reasoning methods as developed in the literature (Glaser & Strauss 1967, Lincoln & Guba 1985, Yin 1994 ; Eisenhardt 1989).

We conducted, first, 17 exploratory interviews with experts and senior managers within the industry in two geographical contexts: Canada and France, attended professional events and meetings of well-known business associations in the industry in these two contexts and collected secondary data about the industry. Our aim was to better understand the specific features of this industry and identify the prevailing forms of collaborative arrangements. We selected two case studies presenting interesting similarities but also divergences in their features and approaches of network governance

Considering one form of networks allows us to understand the implications of the features of these kinds of networks in terms of governance but limits the generalization potential of our study. Thus, we considered two different case studies belonging to different national contexts, France and Canada, and presenting some interesting variations regarding their historical developments, their objectives and the kind of actors they link and unite. We have selected two clusters: a French cluster (KG) dedicated only to the video game industry and which counts around 40 members and represent more than 60% of the activities of this industry in France, and a Canadian cluster (AN) regrouping four set of activities including the video game industry, Internet, e-learning, and mobility. Because of this larger scope, AN counts around 150 members.

We conducted a total of 22 semi-structured interviews between March 2009 and June 2012 which lasted between one and three hours and were tape-recorded and transcribed. For each network we tried to meet the managerial and administrative staffs and the most active members who are directly involved in the governance of the network. We also carried out secondary data collection and analyses (e.g. website, official documents) and attended many meetings, workshops and events organized by the two clusters.

During our data collection, our aim was to understand the multiple facets of governance, the purposes it serves, how these purposes are carried out, through which mechanisms and structures. We tried to understand the main rationales behind the choices for given mechanisms and for the governance structure. We tried also to comprehend how the collective actions are organized and achieved and which are the main challenges and problems surrounding this deployment. We also tried to trace back the evolution of the network and understand the transformations it had undergone and their implications for its governance.

Our data analysis was conducted as instructed by Glaser and Strauss (1967) and Lincoln & Guba (1985) with iterative and frequent goings back-and-forth from data to literature which help the development of cohesive constructs. Thus, at first, we proceeded to a content analysis in broad categories. We reconstructed the main phases of the processes of formation and evolution of each cluster according to the paths identified by Doz & al. (2000). We tried for each of these phases to identify the adopted governance structure, its purposes and objectives (dissociated from the network objectives) and the mechanisms and tools which are being used to achieve these purposes. Then, we proceeded to an assessment of the effectiveness of these structures from the point of view of the network governance actors but also in relation to the network features in this particular step. Thus we were able to link between on the one hand the features of the network governance and on the other hand the features of the network.

III. Main results

Like for other organizational contexts, network governance is based and achieved through certain governance mechanisms used for the coordination of the interventions of different individuals, each with its own interests but collaborating so as to achieve common and collective goals. These mechanisms insure also the control of these interventions, be they financial contributions or the achievement of production tasks before and during the IOC. Some of the observed governance issues are related to the choice of these mechanisms. However, the similarity stops here since many of the observed issues related to governance such as the choice of such a structure of governance mechanisms vary greatly from what could be observed for markets or hierarchies.

Apart from the mechanisms' structure, many of these issues influence other levels that are generally more straightforward in other organizational contexts. First of all, the peculiar structures and dynamics of ownership characterizing the networks in our study complicate the matter of interests' alignment and the peculiar architecture of rights and obligations stemming from them. But beyond, governance in the two observed contexts is also dependent on the different forms of interdependencies linking the members of a network and the way these interdependencies evolve. Moreover, and as underlined

above, the complexities and varied forms of aims that are targeted by the IOC in our case studies complicate the matter of governance. Network governance issues are not limited to the sole level of mechanisms' structure supporting governance; it also extends to the level of the collective interests that are pursued by the network and the way they relate to the heterogeneous members' interests.

Apart from these structure issues which makes us refer to a meta-structure of network governance, our findings show also the dynamics and relative instability of the network as a meta-organizational actor are reflected at the governance level. More than a structure, network governance is also about different structuring and restructuring processes. Many issues are related to the processes through which governance is achieved and how these processes are articulated at the different levels of (1) collective interests, (2) rights and obligations, and (3) governance mechanisms.

In the following section, we first describe the main features and peculiarities common to our two case studies and which affected greatly the governance of these networks before moving to the description of their meta-structure of governance and the processes acting on them. We underline the similarities as well as the divergences between the governance of these two networks. These comparisons are discussed afterwards.

3.1. Specificities of the case studies

3.1.1. The peculiar structure of ownership

Both clusters in our study are organized as professional associations. As such, they are supposed to serve a wide range of objectives that would enhance the functioning and competitiveness of their members. The ownership is collective so as the decision regarding the activities and evolution of the network.

3.1.2. A particular structure of interdependencies

In the two contexts, the contributions of the network members were more or less equals as well as their interdependencies which were symmetrical. This was more pronounced for KG which reunites mainly studios and small editors. As for AN, the presence of Ubisoft and afterwards of EA, two majors editors who implemented internal studios in Montréal created some asymmetries in the interdependencies. However, the power they could have had in the IOC was diluted by the importance of the public contribution and the peculiar nature of both networks. The similarities of interests and environmental constraints justified IOC between these SME which could offer solutions to remedy to these common problems and difficulties.

Video game companies in the two geographical contexts faced many similar environmental constraints which impacted the level of the industry as a whole. The similarities of interests between the video

game companies in the region of IDF and between digital content development specialists in Québec created many interdependencies justifying cooperation on the long run between these firms.

These companies needed to maintain high levels of innovations in order to deal with the rapid pace of environmental and technological changes. These constant efforts for innovation and adaptation entailed high needs of idiosyncratic resources and required high investments in knowledge management and learning. They suffered mostly from inadequacy of existing training programs with their needs and the lack of qualified human resources adapted to the requirements of their industries. Increasing costs of development entailed higher need for financial resources. But classical financial actors were reluctant to invest in these digital industries especially after the outburst of the Internet bubble.

These companies were also dealing with strong gate-keepers, (platform and hardware manufacturers, editors...) and the weak institutionalization of their industries increased further their dependences on these actors. The digital industries lacked also a certain institutionalization (defined norms, dedicated national training programs, adapted law for IP protection...). This hindered the economic exchanges and the overall competitiveness of their firms regardless of their specialization. The lack of understanding of the peculiar features of these industries prevented also governmental aid and the crafting of adapted aids and support mechanisms that could have otherwise helped these SME.

The two contexts suffered also from weak proximities (social, institutional, organizational...) linking the video game and digital content specialists and making their interdependencies ambiguous. The lack of profitable proximities (social, organizational...) between these actors that would have helped their interactions and the development of horizontal inter-organizational collaboration in general contributed to these difficulties. For AN, this was due to the very recent implementation of the industry in the region whereas for KG, this was mainly due to the isolated development of studios and editors which used to work alone and develop almost everything internally.

3.1.3. The peculiar aims of collaborations

As a consequence, both networks pursue different missions and propose varied kinds of services and projects. Many of these services are open for any cluster member such as the monthly newsletter regrouping information on the industry at the regional level, international business development trips or negotiated prices and agreements with local partners.

The two clusters take on the role of a partner on different projects that involve a large number of network participants and which will profit to the entirety of the cluster. These projects involve mainly collective commercial events (such as the video games professional festivals). The two clusters help their members during specific procedures they need to undertake for example during their implementation on the territory or when they are gathering financial funds from investors.

Also, one of the main primary roles of the two clusters is to orient and advise firms during their search for partners (whether private or public) within or outside of the network boundaries.

Both clusters play also the role of a networking platform and aim for the creation and maintenance of a socially dense and tightly integrated community of video game and digital content professionals. Thus both clusters organize systematically occasions for informal discussions and exchanges of knowledge and formal meetings and gatherings like the thematic workshops and conferences organized occasionally.

The two clusters act also as representatives of their members especially for negotiation with public actors and during the development of collective agreements and conventions with these actors. This role involve also the elaboration of “marketing plans and campaigns” for their regions. This role is more underlined for the Canadian cluster because of a clear public policy aiming to attract many international and large firms as a way to enhance the competitiveness of the region.

Both clusters aim to provide a platform for hosting R&D projects around which a determined number of companies could gather and cooperate. Both clusters have also to coordinate R&D activities with other local organizations and associations dedicated for the digital industries and content at their regional level. Apart from these projects and missions directed towards the help and promotion of the network members’ activities, one of the main tasks of the cluster is its self-management.

3.1.4. Resources contributions’ and the paradox of voluntary participation

The structures of financing are very similar between the two networks. They however differ in the amount of resources available for IOC. To be member of the cluster, a firm needs to pay membership fees which are due once per year and are proportional to the annual profit of the firm. The payment of fees allows them to access some services and profit from certain offered advantages. Many of the services proposed by the two clusters such as the organization of networking events, the negotiation of commercial conventions and collective contracts with private and public partners, the training workshops are open to any of the cluster members.

Both networks host also a variety of projects generally reuniting only some of the members. However, these projects require additional resources and higher commitments on behalf of the concerned members. But the participation in these projects is voluntary, meaning that the animators of the networks needed to convince members to go beyond the simple task of paying membership fees.

The membership fees are a minimum level of contribution to the collective resources and actions of a cluster. The companies are encouraged to be more active and not only contend with financial contributions since the association is primarily their own. In consequence, the functioning of both networks is highly dependent on the voluntary participation of the members and their contribution in terms of skills, competencies and working time.

But the major part of the financial resources for the two studied clusters comes from the governmental and local authorities' aids and subsidies. This explains why many services and projects of the two clusters serve the entire community of the video game companies on their respective territories and are not only limited to their members. The financial public aids strengthen the sense of collective membership since this assistance is granted as an aid to the entire industry at the regional level. But the public aid in the case of the Canadian cluster is far greater since it is a clear governmental policy to help the initiation and establishment of a video game industry and the development of digital content industries.

Both network creation initiatives were encountered by many skepticisms and reluctance to participate to the collective actions and projects of the cluster. For both contexts, the lack of experiences and habits of collaborative work especially among competitors contributed to the initial reluctance. And even afterwards, during the evolutions of the two networks, the concerned SME and professionals hesitated to contribute to joint-actions and collective projects which were not directly related to their daily activities and development tasks and products and whose immediate returns were uncertain but which would profit to a wide range of firms at the regional and even national level including their direct competitors. This problem was more accentuated for the French cluster which emerged, from scratch, around a small number of studios owners and managers during a period of crisis where the French video game industry was on the verge of extinction.

In both cases, it was necessary to involve the maximum number of participants who would actively promote the collective actions of the cluster, its utility at the regional level and its future positive consequences for firms. Both clusters leveraged public aids as a first set of incentives to attract members and trigger some joint-actions.

3.1.6. The evolution of the networks

Both networks have known important restructuring during their evolutions. This restructuring intervened during 2009 for KG and almost led to its disappearance. It required different changes in its governance schemes and changes among the main governance actors. For AN, this restructuring which intervened more recently led also to changes in some of the governance features of the cluster. But they were less important than those observed for KG. Both networks have known some differences regarding their growth. KG knew a rapid growth in size and scope of activities in comparison to the curve of growth of AN despite the fact that AN had far more important resources. However, this rapid growth had its side effects for KG.

3.2. Description of network governance systems

Such a fragmented structure of ownership but also the specific nature or the aims targeted by the collective actions can hinder the effective governance of these networks and require some

arrangements. The observed governance processes are based first on an iterative and constant coming back-and-forth between the members' needs and expectations on the one hand and on the other hand the collective actions and projects that are carried out by the cluster and which are the concretization of the strategic objectives of the IOC.

3.2.1. Designing an architecture of rights and obligations

The contributions brought by the different members, be they financial or in-kind resources, and their participation to the collective actions undertaken by the networks are supposed to give access to certain property and decision rights. The imperatives of equity and fair value sharing require that the distribution of rights and obligations be tailored on the contributions of each participant as well as the interdependencies linking them. For each of our case studies, the application of these principles was complicated by the kind of value both networks were aiming to create as well as the kind of interdependencies and proximities linking the different members of a network. Many issues related to the matter of design and allocation of rights and obligations were due also to the nature of the involved contributions and resources brought by the different members. Moreover, for both case studies, the architecture of rights and obligations and the following structure of mechanisms needed to be effective against the paradox of voluntary participation.

First of all, the fact that part of the created value is non-exclusive and non-rival lessens some of the issues surrounding the determination and allocation of property rights, since there are little preoccupations about opportunistic behaviors regarding this kind of value. But, on the other hand it complicates the delineation of the corresponding obligations for each category of property rights and dissuades the members from contributing to the joint-actions of the network.

Whether to enter the network or to be more active was dependent on the potential benefits stemming from the IOC. But the problem is that many of these benefits were open to the entire video game community within the region whereas others were accessible by being just a member without any further investments especially in in-kind resources. The motivations for free-riding or withholding from active participation were strong.

But each of the two networks carry out also specific projects and provide some services for which the created value is exclusive and rival. For these services, the specification of rights and corresponding obligations is easier to handle. However, another problem was related to these projects. If the criteria of selection of these projects were not transparent for all the members and especially the scope of action and intervention of the cluster, then these projects could be perceived as inequitable value sharing since some members are profiting from the help of the cluster (and in consequence the common resources) without valid reasons explaining these inequities.

Moreover, since both networks do not propose a definite and unified set of services and projects but redefine them continually, the architecture of rights and corresponding obligations changes in

consequence. Thus, part of the job of the governance actors is thus to redesign the property rights and obligations and adapt them to the evolutions of the network's features.

- **Delegation and centralization of decision and control rights: the board of directors**

These issues complicated also the matter of separation between the ownership of the network and its daily management and necessitated particular arrangements. First of all, given the important number of the participants and their more or less equal contributions in the two studied networks it would be inefficient if each one of the members is involved whenever a decision about resource allocation or sharing of the created value needs to be taken. It is also inefficient for these participants and for the sake of the IOC to exert their control rights during each decision of resources' allocation or whenever created value is shared among all or part of the members. Thus both networks resorted to mechanisms of delegation and centralization of some of the decision and control rights of their members among a few of them in order to enhance the efficiency of the collective action and the potential of value creation whilst respecting, in the same time, the relative contributions of each members and equity and fairness principles for the sharing of the created value.

Both networks endowed themselves with board of directors. Through delegation processes these boards act as representatives of the rest of the members of their networks. The members delegate part of their decision making and control rights decision to this board in counterpart of control rights which they can exercise formally during general assemblies or informally through their personal relationships and discussion with these members. For both clusters, the members of the network elect, in a democratic manner, among themselves, a board every three years for the French cluster and two years for the Canadian one. These members elect among themselves also a president, a secretary and a treasurer. These positional roles single out these persons, who become legally responsible of their respective networks. They also endorse more important rights but also corresponding obligations. Because of its wider range of activities covering four sectors and its higher number of participants, the Canadian cluster counts more board members and have a more elaborated board structure. AN board counts four committees corresponding each to one of the sectors addressed by the network and having a head committee. Both networks counted also external observers mainly among the public actors and other associations that count among the stakeholders (develop the role of these associations). Without having vote rights these observers intervene as special stakeholders since their actions are supposed to be complementary to those of the cluster and thus there was a need for coordination.

The board is the main decision maker for the network. Among the most important decisions achieved by the board there is the operationalization of the different aims targeted by the network. Thus, the deviation of the collective aims to serve the interests of one or part of the board members is one of the main risks related to these processes of delegation and centralization. This is also accentuated by the

fact that being a board member do not give right to any form of compensation, the rationale being that the value stemming from the collaboration will profit to the board members directly and indirectly by profiting to the whole industry. Many of the board members are indeed motivated by motivations of solidarity and a common sense of a community of destiny.

In counterpart to these rights, there are many obligations. The board members are more solicited than the other member and provide more in-kinds resources especially in terms of time and presence. There are also obligations of accountability and transparency which weigh on the board. This fact legitimates some level of deviation where it is understandable for the members that the collective interests can serve more, to a certain measure, the interests of the board members. This is not perceived as an opportunistic behavior but more as a normal consequence since these members will be more conscious of problems related to their specializations and their own experiences as video game or digital content companies. However, the experiences of the two networks shows that

Henceforth, these preoccupations influence the rules but also processes of allocation of these peculiar rights. For both case studies, and even if this rule is not formalized, there is a common recognition that the board needs to be representative of the main specializations within the cluster. For the Canadian cluster, such a rule is more pronounced since it is explicit that the board members need to be representative of the four sectors and to which the cluster is dedicated. However, for each committee, this rule is informal. For the French cluster, this is also implicit since the network involves only one industry.

Such parity and representativeness are important despite being informal. Both clusters encountered governance issues because these rules were not respected. Both clusters have known some deviations in the compositions of their boards. For AN, the board was perceived as being mainly composed and dominated by actors from the video game industry whereas the cluster was dedicated to four different sectors. This problem was slightly different from KG. Historically the cluster and its board were dominated by consoles specialists whereas the industry evolved to include new specializations (online games, advergaming, serious games, social games...). These deviations, explain in parts, the problems and restructuring known by the two clusters.

The processes of selection of the board members are not smooth and straightforward but as scenes of power and authority allocation they are subject to phenomena of negotiations. Many members are conscious that through the actions of both networks it is possible to influence the features of their industry at the regional and even national level. Power struggles can be observed when different clans in the regional community of the concerned firms do not agree on the directions to follow and the allocation of the common resources.

Rules concerning the renewal of mandates are however different among the two case studies. Unlike the Canadian cluster which imposes an alternation on mandates on the basis of 2 years for half of its

members at least, the French cluster does not apply any rule or restriction concerning the mandates. This can explain in part the constitution of the board which has not changed much since in 2003 its creation and until its restructuration in 2009. These differences denote different choices and driving logics. The greater number of participants and the heterogeneity in specialization for AN, legitimated such measures which are destined to clarify the respective rights and obligations of the members, and reduce potential (perceived) opportunistic behaviors. Moreover, AN results from the merger of existing associations with their own rules of functioning. So these measures were intended to prevent potential conflicts or misinterpretations in terms of coordination and control.

KG on the other hand made a choice which was supposed to enhance its effectiveness. Unlike the Canadian cluster, the resources dedicated to the IOC were scarce and there were more uncertainties weighing on the outcome of this IOC. The relatively stable constitution of the board provided some stability and continuity in the collective actions and projects initiated by the cluster. Moreover, the first board is constituted by the core of studios that were at the initiative of KG and its creators. It allowed the cluster to focus rapidly on the most urgent measures to help the industry at the regional level and the studios its weakest link. Moreover, the negotiations during the first year preceding the creation of KG enabled the initiators of KG to develop the proximities linking them to each other but also linking them to the public actors. Since, one of the main objectives of the cooperation was the dialogue with the public actors, and since there were little resources dedicated to IOC, it was more effective to keep, relatively, the same board compositions.

- **Separating the ownership from the execution: role of the executive committee**

For both networks it was decided to create an executive committee which would undertake the responsibility of the daily management of the activities of the network. Apart from the question of effectiveness, the decision to centralize these activities among the hands of a small number of people (in comparison to the number of a network's participants) was motivated by the traditional need to create an agency relationship so as to protect the interests of all the stakeholders. Moreover, these activities are too demanding and as such they can't be addressed by voluntary participants but would need persons dedicated full-time to these tasks.

But both networks experienced a dilemma regarding the choice of the degree of independence between the executive committee and the constituents of the networks. The different choices achieved by the two networks in our study delineate well the issues related to the dilemma of the independence and overlapping between what can be called agent here (executive committee) and the principal (networks members).

Both networks have chosen to nominate a responsible of their executive committee, a general director who would be shouldered by different collaborators. The general director being the most important role of the executive committee he would be an employee of the network who would receive financial

compensation for his work. He is appointed by the board of directors. But, regarding the rule of selection of the general director, the two networks in our studies did different choices.

Whereas, the Canadian cluster have known a change of the general director every two years in average since its creation (in 2000), there have been only two general directors for the French Cluster. The second one was appointed after the restructuring of the cluster. The other difference between the two clusters resides in the rules applied for the selection of the general directors. For AN, the rule was always to choose a person not belonging to one of the network's members. For KG, this rule have been applied only recently when the network needed to select the second general director of its history. The first director was one of the cluster founders' and a studio head manager. By appointing a person who is at the same one of the initiators of the cluster and the manager of a studio and renewing its mandate afterwards, the rationale was to benefit from its experience and knowledge and the trust which have been developed between him and the rest of the board but also with the public institutions. Choosing a manager from the industry was also supposed to enhance its efficiency by being representative of the average member of the network. This was the more critical since the interdependencies linking the video game companies of the territory were ambiguous and part of the job of the general director was to attract new members which would enhance the overall efficiency of the collective actions carried by the network. Moreover, this appointment was legitimated by the fact that the general director was the main active actor during the creation of the network. As reported by many of our interviewees "KG wouldn't exist and be what it is without him". The second one is a specialist in RHM and has not worked in the videogames industry before her appointment.

The other observed dilemma concerns the composition of the executive committee. Apart from the general director, the scope of activities of both clusters necessitates the mobilization of collaborators and operational managers. The former take care of the coordination of coherent set of activities and tasks carried out by the clusters (such as R&D, Human Resources, Video Game Summit...).

Both network governance actors agree that recruiting external persons with a good understanding and expertise of the specificities of the creative and digital industries would be effective since they can work full-time on the projects of the network. Moreover this would make it easier to avoid risks of privileging the interests of a small number of members, be it intentionally or not. Thus, depending on the available resources, the executive committee can be staffed with different collaborators, who are appointed by the general director after the president and the board members' approval.

Here again, the experiences of the two clusters are different. The Canadian executive committee at its creation was much more staffed (with 17 employees totally dedicated to the cluster functioning) in comparison to its French counterpart (two collaborators). However during the evolution of the two clusters they came to be equivalent in terms of staff members. Some of the operational responsibilities are undertaken by the collaborators belonging to the executive committee. But many of them were also

undertaken by some of the volunteering network members. This happens when the person have shown its interest and its ability to undertake the specified coordination tasks. Such appointments need also to be perceived as “legitimate” by the other members. Meaning the person must be motivated by a logic of solidarity and wanting to benefit the entire community of members.

Such practices are motivated by two main reasons. Generally, when the resources dedicated to the network functioning are limited it is more efficient to benefit from volunteers. Appointing network members as operational managers can also stem from a logic of competence’ enhancement especially when these persons are highly skilled concerning certain aspects related to a given theme or a specified collective project. But resorting to these kinds of accumulation of rights and obligations did have its side negative effects and gave rise to another dilemma. First of all, when undertaking operational and managerial activities among those dedicated to the executive committee the question of the retribution of these managers who already have their businesses and daily job is raised. Governance actors, in both contexts, agree that a certain deviation of collective interests that would satisfy these specific members can be tolerated provided it does also serve the interests of the other members and of the industry at the regional level. Otherwise, these members won’t have any incentives to volunteer for such tasks and it can lead to the impoverishment of the IOC. But the question remains about the limit to such kinds of incentives and accumulation of rights and the way to resolve this dilemma. One can express it as follows: the network governance actors need to provide non-exclusive and non-rival value in order to trigger a virtuous cycle and attract enough voluntary participation to the collective action. But on the other hand, the cluster needs also to create non-rival and non-exclusive forms of created value so as to be in line with the main objectives of the network among which there is the development of the video game and digital content at the regional level. Our two case studies show that members are more sensitive to such questions when in context of crisis. Moreover, beyond a certain level of accumulation of rights and when concentrated among the hands of the same people over a long period of time, it is perceived as illegitimate even if there are not any evidence about opportunistic or free-riding phenomenon. This can lead ultimately to the impoverishment of the collaborative processes and the decrease in the volume and importance of joint-actions.

For both clusters, there were accumulations of rights (and obligations) within the hands of a small number of members. There were also important overlapping between the board of directors and the executive committee thus lessening the separation between ownership and execution. This phenomena was less important for AN because of its more formalized rules of design and allocation of and its measures aiming to avoid potential interest conflicts and opportunistic behaviors the allocation of decisions, coordination and property rights. This accumulation and overlapping was more beneficial for the French cluster especially during its first years of existence. During these years, the general director was also one of the members and a board member. Almost all of the board members were

operational managers whereas there few members of the executive committee who were independent persons.

This accumulation enhanced the overall flexibility of the cluster and its collective action and helped to accelerate its growth during this period. Thus from 13 members, the number grew to 40 within 2 years. However, in the long run, it was detrimental to the efficiency of the overall governance system. The accumulation of many rights and obligations at the same levels (individuals here) amplified the impact of communication problems, disagreements and conflicts whenever they occurred.

3.2.2. Managing commonalities of interests

Part of the observed governance efforts and processes in our two case studies are geared toward the identification of the commonalities between the interests of the network members and their articulation so as to decide on the collective interests that are going to be served by the network. The interdependencies linking the different members co-evolve with the evolutions of the interests of these members. Moreover, and especially during the creations of both networks, the lack of different kinds of proximities between the different video game and digital content specialists in the specific region hindered them from identifying the commonalities between their interests. The porous borderlines of these networks contributed also to certain instability of the interdependencies linking their members and the commonalities between their interests.

In our two case studies, fathoming these commonalities, keeping track of their evolutions and readjusting the collective interest of the network in consequence are one of the thorniest issues for a network governance actors. Once these interdependencies and following commonalities in interests are identified, remains, however, their translation into concrete and operational services, projects and joint-actions.

Part of the tasks assigned to the executive committee staff and in a lesser degree of the board members is to manage different flows of information gathered, systematically, at different levels of the cluster in order to have better and accurate understanding of the main interdependencies linking the network members. However, whereas the members can agree on the main problems and challenges they face, there are generally more conflicts when it comes to the operationalization of the solutions to these problems and the order of priority to achieve these solutions. The processes of identification and translation detailed below are thus subject to different phenomena of negotiations and attempts to influence the decision regarding the interests which will be served. Indeed, these processes are not always and straightforward. It may happen that the decisions regarding some projects are blocked because of lack of consensus between the governance actors or because of lack of resources for their feasibility or simply information about their usefulness. The process described here is not however a linear and straightforward one. Often, they involve a certain bargaining and coming back-and-forth between the executive staff members and the participants or between the staff members and the board

of directors. It generally also requires compromises efforts on both sides especially regarding the resources that will be committed, their allocation, the number of participants, the perimeter of the collective action, allocation of decision rights.

These processes were also more or less applicable during the creation of the two networks. For KG, the first core of involved participants was constituted people who enjoyed important structural positions in their respective professional communities of the moment. Their social networks and personal relationships linking them to many other video games and digital content professionals inside the country but also outside of it allowed them to develop a relatively accurate perception of their industries and, consequently, the cluster's needs and future orientations. AN is, however, the merger of three different professional associations. In consequence the fathoming of the commonalities of interests and their translations into concrete and operational joint-actions was a preliminary to this merger.

- **Processes of identification and information gathering**

As specified by the French general director "*one of our missions is to be always listening to the field*". The objectives of the collective actions of the network are supposed to stem from the members and be representative of their common interests or of at least of the majority's interests. Thus the network governance actors and also managers are generally trying to glean information about the needs of their members and the tendencies and main changes occurring at the industrial level.

These incoming information flows have also a control value. They inform the executive committee about the unfolding and evolution of the cluster projects and joint-actions and the overall functioning of the network and its performance. Thus, the cluster managers can garner knowledge about the degree of satisfaction of the cluster's members and stakeholders.

For our two case studies, data and information collection are based on the frequent interactions of the executive staff and operational managers and collaborators with the network members, especially during dedicated meetings and workshops. They also use different formalized tools such as periodic surveys.

The individual social networks of the executive staff and governance actors within the industry are supposed to help them identify the future actions and orientations for the cluster and their concrete expressions into short-term projects and missions. Many of these processes are thus informal ones and occur during social events or parallel to general professional gatherings. The executive committee staff can also propose actions through a benchmarking of what is done in other regional clusters in and outside of their country of origin.

The demands or ideas can also emanate from the board members who as SME owners or managers are presumed to have an accurate view of the industrial needs and opportunities at the regional level. The

operational managers when they are from the network members are also a valuable source for field feedback and information. However, the risk here is to have a biased and reductionist view of the real interdependencies linking the different members since these members would act on their own experiences and from their own needs.

- **Processes of negotiations and selection**

For both case studies, the executive committee is thus the principal responsible for the centralization of the different expressed demands but spotted potential opportunities that would benefit the whole network. They also proceed to a filtering phase which takes into consideration the current services and projects undertaken by the network.

Thanks to their knowledge of the available resources, the committee can put aside some isolated or non-reconcilable demands with the interests of the majority. But, generally the committee tries to discuss these demands and project ideas at least informally with the president (the sectorial committee for the Canadian cluster) or some of the most active network members. This centralization efforts of the different collected data and information helps the constitution of an agenda for future actions, projects and missions which is submitted afterwards for approbation to the president and treasurer and ultimately to the board of directors during periodic meetings. These processes are more complicated for the Canadian cluster because of the wide scope of the activities that are involved and the more heterogeneous nature of its members. This explains also their reliance on more formalized governance mechanisms compared to KG.

It is also important to note that, for both case studies, the public actors can also intervene during the determination and the selection of the different projects and joint-actions that will be developed by the network. This intervention is, however, not direct, since the local and public actors do not have vote rights and do not belong expressly to the cluster. It occurs during the interactions of the executive committee with these local and public actors and in return for the funds and financing solutions that the local authorities provide.

For our two case studies, a selection is achieved among the propositions submitted by the executive committee. The selection decisions are generally driven by two formal factors: (1) first the satisfaction of the majority of actors and their mutual and common interests and (2) second the feasibility of the collective actions within the limit of the available resources.

For the two factors, the executive committee and the board members are supposed to have enough knowledge and information to apply efficiently these two criteria. However, less formal criteria are also used and motivate the selection decisions especially when there is a disagreement between the many decision makers. Given the fact that, for our two case studies, other associations and organizations act also positively and for the industrial benefit at the regional and national level, the governance actors of the cluster need to coordinate their actions and projects so as to avoid non

efficient redundancy of efforts and improve the general impact of the overall actions of these different associations and organizations at the regional levels. These associations act also as stakeholders for the network.

Another common point between our two case studies concerns the (informal) application, at the internal level, of fairness principles. As indicated above, for each of our case studies, not all the network members are involved in the same ways or provide the same contributions in terms of financial and in-kind resources. Thus, executive staff and board members alike feel it is fair, whenever it is not against the majority principle, to privilege the projects and collective actions brought by active members in the cluster's live and previous or actual projects.

The issue of fairness and equity principles is also complicated by the selection of projects which are restricted to only some members. Some interviewees consider that the selection of particular projects that will be carried out at the detriment of others is already a form of created value for which are accessible only for some members. Here again the matter of transparency and legitimacy of the criteria of selection of these projects is crucial. Generally, after this selection phase, an agenda is approved and the projects and joint actions can be launched and resources are committed.

Apart from the coordination of incoming flows of information, their centralization and the constant updating of the collective action agenda, the executive committees in our two case studies also produce and manage different flows of information about the collective interests, their realization and how they are related to the interdependencies linking the different network members. This information is destined the different stakeholders of the cluster including the network members and board but also the external public and private partners. As stressed by our interviewees from both clusters, these flows of information apart from making the objective and the overall functioning of the cluster clear and transparent for its partners will also facilitate the daily activities and different tasks of the cluster.

- **Risk of strategic dissonance**

Strategic dissonance is a main risk worth noticing at this level of governance processes. Our case studies show that there can be possible myopia concerning what is beneficial for the entirety of a cluster's members and what are the commonalities between their interests. The two clusters in our investigation have been subject to restructuration efforts mainly consisting in reorientations of the activities and objectives served, changes in the governance and management teams, in the reporting system and in the processes of allocation of rights and obligations. These efforts were more important and pronounced for the French cluster. During the evolution of the two networks, a slow deviation occurred and led to a situation where the served collective interests were not in line anymore with the main interests of the majority of the network members. For the Canadian Cluster, this occurred and was visible in the domination of the video game industry in the governance structure and processes of the network. This was increased by a general feeling that the network was serving the interests of "big

players” and thus was not any longer in line with its initial objectives and aims of helping small firms. The same was also noted for the French cluster where. This also was enforced by the emergence of new categories of actors with which the network members have strong interdependencies and which could have enriched and enhanced the established collaborative dynamics and their quality but who were not included efficiently into the network. The evolution of the industry led to the emergence of many categories of actors specialized in new games (such as the browser games or the mobile phone games) or in the intermediary technologies needed by studios (such as middleware or motion capture specialists). However, because the governance actors were absorbed by a collective activity which has already grown up more than it was expected, they failed to take into account such evolutions at the industrial level. These new categories of actors, as specified in the results section, faced a “closed group” who specialized in consoles games and who already knew each other very well. Thus, for the new and external eye such a cluster was a closed group.

3.2.3. Managing a configuration of governance mechanisms

The processual character of network governance is also visible in the efforts provided by the actors for the design and crafting of the governance mechanisms. Thus, there is a set of processes which aim to decide which mechanisms to mobilize, how to implement and adapt them to the features of the network and redesign them in accordance to the evolutions of these attributes.

Identically for our two case studies, there is need for control and monitoring to verify the respect of the initial agreements and the effective accomplishment of the collective actions and the assigned tasks. Control and monitoring aim also to prevent the misappropriation of the collective resources.

However, the variety of services and projects proposed by both clusters complicate the issues of coordination and control. The overlapping between ownership and execution contributed also to these complications. First, whereas control and monitoring can be simpler for the cluster employees because of the existence of hierarchical relationships, and formal agreements which formalize and can guarantee sanctions but also incentives, it is less evident for the network members.

The executive committees and the operational managers intervene actively during the deployment and the achievement of the different tasks and projects. For the Canadian network, sectorial committees co-exists with the executive committee but also with projects managers who can coordinate projects that concerns one specific industry but also projects which span the boundaries of a single sector. Thus coordination proved tricky sometimes which increased the role of the executive committee and the general director as a central coordinator.

For the two networks, the coordination and control of the different interventions and tasks is achieved both through formal and informal means and mechanisms. Both case studies mobilize authoritative relationship even if the interdependencies are symmetrical and the structure of ownership is fragmented.

- **Leveraging formal mechanisms**

Despite the important overlapping between ownership and execution, the network governance actors created poles of power that would establish some kind of hierarchy and enable the exercise of authority. The two case studies show that there is a need of a minimum of hierarchy and authority for the coordination and control of the joint-tasks and different initiated inter-organizational projects. The fact that the two networks mobilize a plethora of mechanisms that are not only informal and based on trust and social proximity is worth noticing here. Both networks have internal statuses which act as some kind of incomplete contracts and which are subject to changes. Many formal agreements are also frequently mobilized especially for internal projects reuniting only a small portion of a network's members (business trips, training classes and workshops...). But still, the two clusters rely heavily on informal mechanisms.

The governance actors in the two networks have in common their need for more formal mechanisms of coordination and control. Apart from the matter of opportunistic behaviors, the formal mechanisms provide some kind of stability and help to develop a shared understanding of the different agreements that links all or parts of the members. Giving the important number of stakeholders in the two situations, formal mechanisms are also destined to enhance the efficiency of joint-action and the job of the governance actors. But, these mechanisms are also more expensive. They also are more constraining and as such can limit the participation of the members especially when it is about voluntary participation.

Many formal and dedicated meetings are organized periodically such as the board meetings. Both clusters organize systematic general meetings (AG) with the executive committee, the board and the network members. These meetings are the occasion to communicate the decisions to the network members, have their agreement (or not) and discuss future actions and projects of the network. They are also the occasion for the assessment of the current projects and tasks of the network. Since these meetings are the occasions that gather the most of the network actors, they are also the best moments to discuss fundamental points and critical problems that can threaten seriously the life of the network. The organization but also the animations of these meetings are important moments that can inform about the quality of the network governance. These meetings are also the main occasions to solve possible disagreements and conflicts that arise during the joint-actions. Conflicts are resolved thanks to informal mechanisms whenever possible. But sometimes, some conflicts can require resorting to formal mechanisms. The restructuring known by both clusters are also illustrative of conflicts which have developed until they led to the transformation of the network governance schemes.

- **The need for informal mechanisms**

But coordination and control occur also more informally during social events and thanks to the interpersonal relationships linking the different clusters members. As firms of digital and technology-

intensive industries, the network members, in both cases, use virtual discussions and exchanges spaces and virtual collaborative tools and platforms so as to enhance the general proximity and quality of interactions linking them.

Under the lack of formal and law enforceable mechanisms of control and coordination, both clusters rely heavily on informal and social means of control. The community-like structure of each of the studied cluster helps its managers to leverage informal mechanisms such as inter-individual trust, social relationships, reputation effects and social control. Apart from being less expensive, informal mechanisms of governance offer higher flexibility and are less constraining than the However, on the other hand, this informal nature of coordination and control can hinder accountability. This is also complicated by the uncertainty weighing on some projects and joint-actions where it is impossible to specify in advance the desired outputs of IOC. Thus conflicts and problems of coordination occur not because of opportunistic behaviors but because of lack of communication, misunderstandings and misinterpretation of the initial agreements.

Many forms of collective action are launched on the basis of informal agreements and are based on the goodwill of the members and degree of trust between them and the executive staff or board members. Certain projects which are launched as consortiums for example can bind the participants and offer legal protection and tools. But, generally, there is no legal mean or tools that hinder participants from withdrawing after the beginning or halfway throughout the evolution of the joint action or project. These features make the tasks of control and value sharing among participants very difficult for the staff members.

- **Managing the interplays between informal and formal mechanisms**

In our case studies, formal mechanisms are complementary to informal mechanisms and governance and management actors needed to leverage both.

One of the issue that required the mobilization of both kinds of governance mechanisms is the dilemma of voluntary participation. Like a virtuous cycle, in order to leverage the social mechanisms of control but also produce an added value that can attract new members or encourage existing members to contribute and get involved actively in the cluster life, tasks and projects, it is important to get enough members' participations that will generate added value and benefits which will attract other members and thus allow the smooth functioning of the process described above and its control.

Both networks got past this dilemma through communication and continuous valorization of the common objectives and joint-action. The communication efforts stressed specifically the community of interests between the different participants and the positive outcomes of their collaboration. Besides, the effective control and use of both kinds of mechanisms, formal and informal, prevented opportunistic behaviors and contributed to decrease the reluctance to participate actively in the cluster

and in common projects. Generally the promise of future returns and the continuity of relationships serve also to control the members' behavior and future expectations.

As described in the literature, informal agreements and mechanisms as trust and social pressure through reputation need some time to develop. Formal agreements and the involvement of the public actor helped to regulate this phase while these informal mechanisms had time to develop. Moreover, because of the porosity of the two networks' frontiers and their relative instability there was a need for formal mechanisms which help bind together and inject some stability of informal mechanisms come to evolve.

IV. Discussion & implications

Our results put into light the processual nature of governance in the network context. A static approach of network governance, through the sole examination of its structure and mobilized mechanisms, falls short of apprehending the network governance phenomena, its challenges and foundations.

Our results show that network governance is a set of different but interlinked and ongoing processes, or a "meta-process", intervening at different levels of the network and serving different finalities. These processes help define and implement a governance structure insure its functioning but also evaluate its efficiency and, if needed, redefine its features and constituents. We label these dynamics of interaction of different processes for governance purposes as **governance work**. As suggested by Langley (2004), "adding the word 'work' to any apparently static and structural concept is an interesting device for forcing consideration of how human agency might operate on it" (page 276).

These governance processes aim to design a coherent and effective governance structure that is adapted to the network features and evolution phases. **Governance structure effectiveness** can be apprehended in the network context as the classical aim of alignment of the agent's interest on those of the principal. Confirming the conceptualization of Zajac & Olsen (1993) calling for a transactional value approach when considering inter-organizational arrangements, our results show that alignment of the interests of organizational partners can be expressed as combinations of objectives of joint-value maximization (MVC) and minimization of transaction costs and reduction of opportunistic behaviors (MTC).

In our case studies, **MVC** necessitates the pursuit of a coherent set of strategic goals and the mobilization of the relevant resources that ensure the realization of these goals. The allocation of the decision and control rights aim to facilitate the realization of these strategic goals and optimize resources' allocation. This includes also the mobilization of governance mechanisms that would be most efficient and allow smooth interventions and coordination between the different organizational partners, their flexibility and reactivity.

On the other hand, **MTC** requires that the pursued strategic goals represent the main commonalities between the different individual interests of the organizational members. They also necessitate that the sharing of the created value respects equity and fairness principles. The overall structure needs also to reduce incentives for opportunistic behaviors and preventing them.

Our results show that the **objectives of MVC and MTC and their relative importance change** along the different phases of the evolution of a network especially with the changes in the number and nature of the organizational members and the nature of the interdependencies linking them. Also, these objectives of MVC and MTC can be sometimes contradictory in their requirements. Thus part of governance processes is to create and mobilize an adapted mix of governance mechanisms that allow the concomitant pursuit of these two objectives and their evolution afterwards.

- **Designing effective governance structure**

In order to enhance joint-value creation, the two networks used governance structures with hierarchy and positional roles (such as board of directors, executive committees, sectorial committees, external and public observers...) to allocate authority and thus coordinate and regulate the interventions and interactions between the different actors involved in the cluster.

Both networks adopted structures that would privilege MTC by delivering control rights for the members in counterpart of the delegation of their decision making and control rights within the hands of a limited number of members which acts as principal. Both aimed to create executive bodies that serve as agents.

But in order to enhance joint value creation, these executive bodies were not completely dissociated from the principals and only constituted by independent agents. Collaborators, some responsible for some inter-organizational projects and coordinators for some proposed services... were among the members of the network. Such accumulation of functions gave them a privileged access to resources of the network but required more involvement and contributions on their behalf. It also meant that these members were able to cumulate different decision making and control rights.

Here the two clusters did different choices for the selection of the heads of these executive bodies. KG had chosen a general director and some coordinators among its members while AN hired external people for these roles. The lack of resources (especially the governmental aids and subsidies) was more pronounced for KG which entailed lesser collaborators and dedicated employees for the cluster.

Such a structure with accumulation of rights and more reliance on informal mechanisms was more efficient for value creation during the first years of the evolution of the network. However, it proved less efficient for MTC on the long run and led to the impoverishment of the inter-organizational collaboration.

- **Finding the right mix of governance mechanisms**

The use of the governance mechanisms was also different among the two clusters. Both used some form of loose contractual agreement during the creation of the networks and mixes of informal and formal mechanisms. But, during the evolution of the IOC AN came to rely more on formal agreements and mechanisms of coordination and control than KG. Our findings show that one thorny issue is to alternate between formal mechanisms such as contractual agreements or internal forms of competitiveness which favors price-like signals and informal mechanisms such as inter-organizational trust and social control.

- **Triggering voluntary participation**

Both case studies give also evidence of the difficulty to trigger a collaborative and positive dynamic which will help the development and establishment of the network. The voluntary character of the participation and the non-exclusive nature of part of the created value (which makes it a public-like good and can encourage free-riding) makes it difficult to design a sophisticated sanction system or to make obligations enforceable.

On the one side, incentives for collective actions were weak or not easily enforceable and protectable. This was aggravated by the ambiguity surrounding the existing and potential interdependencies linking the members. On the other side, without voluntary and effective participation of a maximum number of members it was impossible to achieve the desired outcomes.

Part of governance processes aim to construct expectancies among members and give enough guarantees against possible opportunistic behaviors so as to encourage voluntary participation, ensure rapidly some kind of created value which in turn would serve as a catalyzer and lead to a positive escalation of commitment and voluntary participation of the members. The joint value creation is thus dependent on the objective of MTC and guaranteeing an equitable sharing of the created value.

- **Managing commonalities of interest**

For both clusters, the lack of resources also necessitated privileging a limited number of interdependencies and needs which corresponds to a limited portion of the commonalities between the interests of the different members. This in turn gave the impression that the interests of some actors are satisfied or privileged to the detriment of others.

During the creation of both clusters, efforts were made to delineate a certain number of commonalities of interests that were aimed to guide the collective actions afterwards. The two networks in our studies emerged in response to environmental constraints and similarities between the interests of SME evolving in the video game and digital media industries. These similarities were evident for a small number of actors who acted as triggering factors in order to initiate the creation of the network. Then, followed a phase of open solicitation and negotiations that allowed the delimitation of the common

interests and the objectives of the collective actions. These objectives were operationalized afterwards and translated into concrete goals.

However, and because of the accumulation of governance and management functions by the executive bodies, governance actors were absorbed with the daily life and activities of the network and come to rely on a more or less subjective perception of an existing collective interest which does not coincide with or reflect anymore the commonalities between the interests of the different network members. A phenomena of strategic dissonance occurred with important discrepancies between on the one hand declared collective interests which guided the overall collaborative actions undertaken by the network and on the other hand the effective interdependencies linking the different members and the commonalities between their organizational interests. Such a working figure, even if it enhanced MVC at the beginning led to perceptions of opportunistic behaviors and an undermining of the legitimacy of the network. In both case studies, this steered restructuring efforts. However, for the French cluster the phenomena was more pronounced and almost caused the dissolution of the network.

Thus, instead of the classical objective of alignment of the management or agent interests to those of the principal as is the case in the corporate context, governance in the network context is more a matter of unearthing and enhancing an overall convergence between heterogeneous organizational interests.

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