# Governance and place leadership in local/regional economic development

Markku Sotarauta

- Who shows the way?
- Who induces others to unknown territories?
- Who goes through the obstacles?
- Who acts as a guide?

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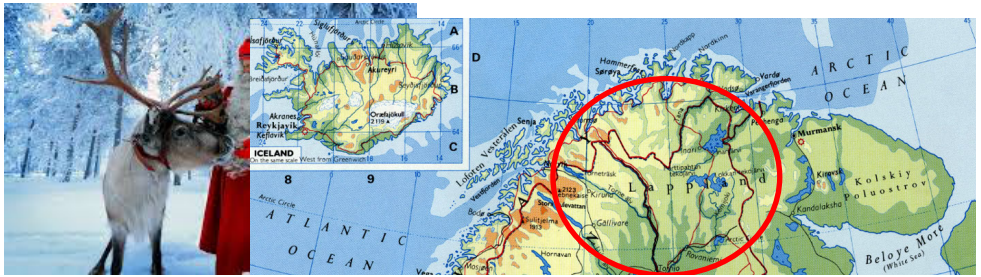
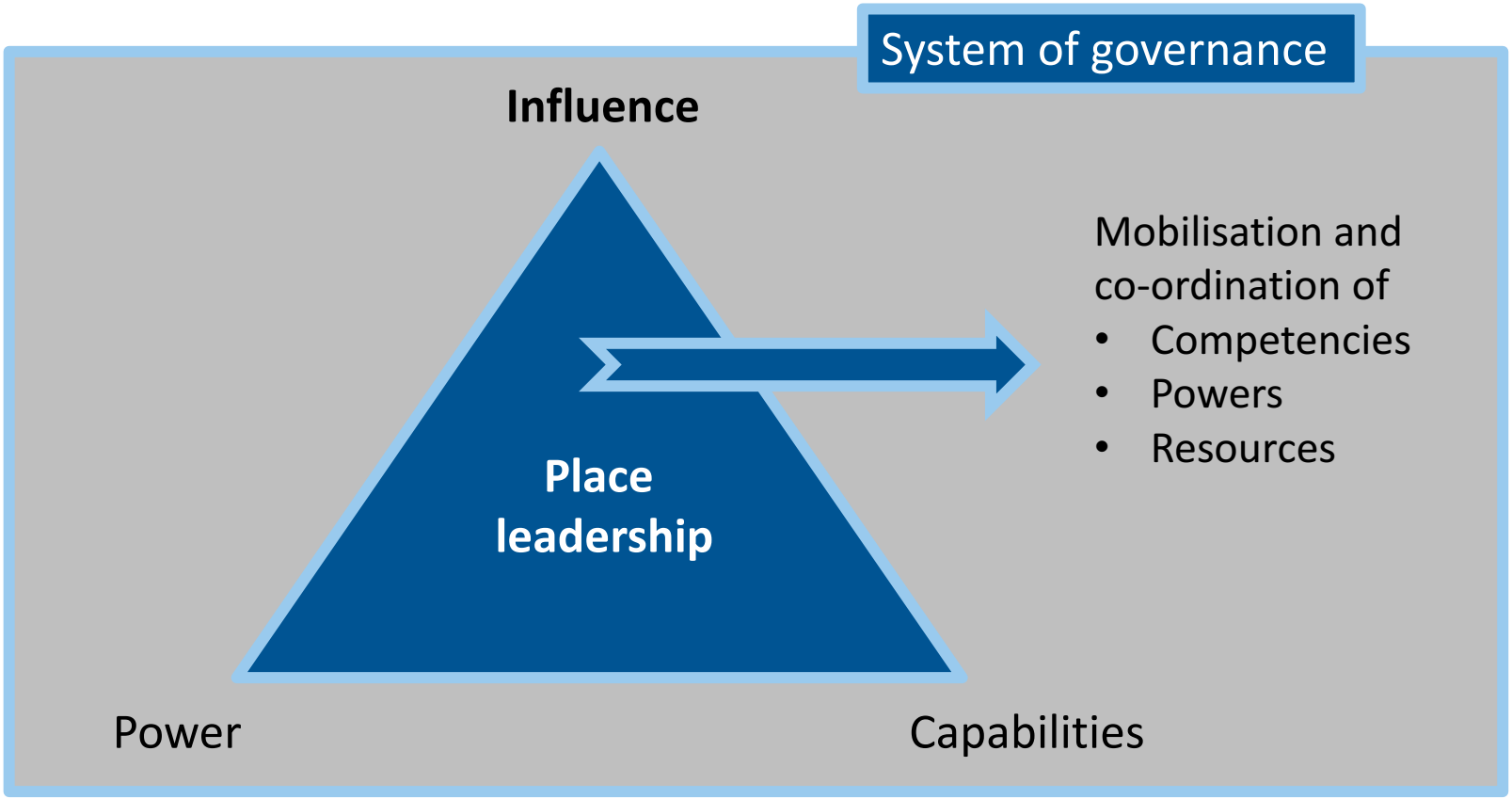
# Case Lapland

- ”Help us” -> champions of experience economy
- From seeing darkness, long distances and low population density as weaknesses to seeing them as assets




System of governance
Influence
Place leadership
Mobilisation and co-ordination of
• Competencies
• Powers
• Resources
Power
Capabilities

A growing recognition of the need to reinsert questions of **agency** in accounts of local/regional economic performance

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# Governance and place leadership

# Governance arrangements in simplification

**Collaborative and systemic**

- Involvement of many actors embedded in the system
- PL emerges more from the formal governance system than outside it

**Confrontative and individualised**

- Based more on competition than collaboration
- PL emerges more from outside the formal governance system than inside it

**Authoritative**

- Based on formal centralised power and assigned leaders
- Place leadership is strongly embedded in the formal governance system under central supervision

**Fragile...** (Montero & Chapple, forth)

# Another way of looking at governance

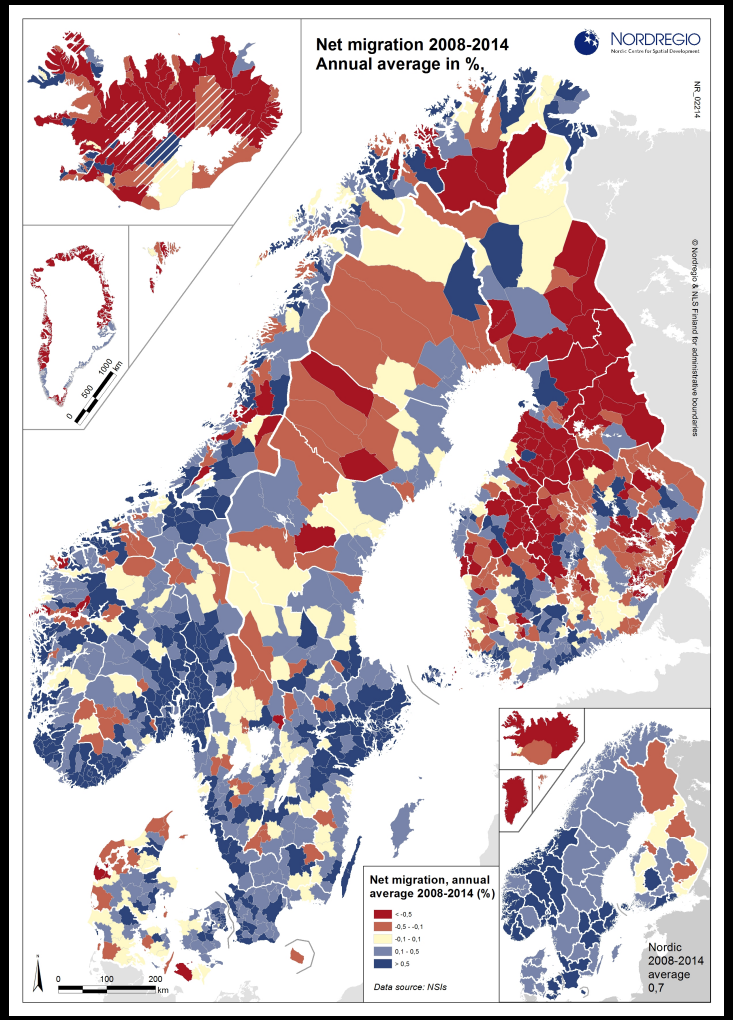
**Centralised systems of government (UK, AUS)**

- less likely to foster the rise of place-based leaders
- more likely to follow top down policies impeding local initiatives
- fiscally dependent on the national government
- generate adverse conditions for local leaders

**More devolved systems of governance**

- more likely to adopt a more strategic and place-specific (nuanced) approach to local development
- localities/regions seen as the authors of their own development, instead of mere recipients and objects of top-down policies

(Beer & Clower 2014)


Net migration 2008-2014
Annual average in %
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Nordic Centre for Spatial Development
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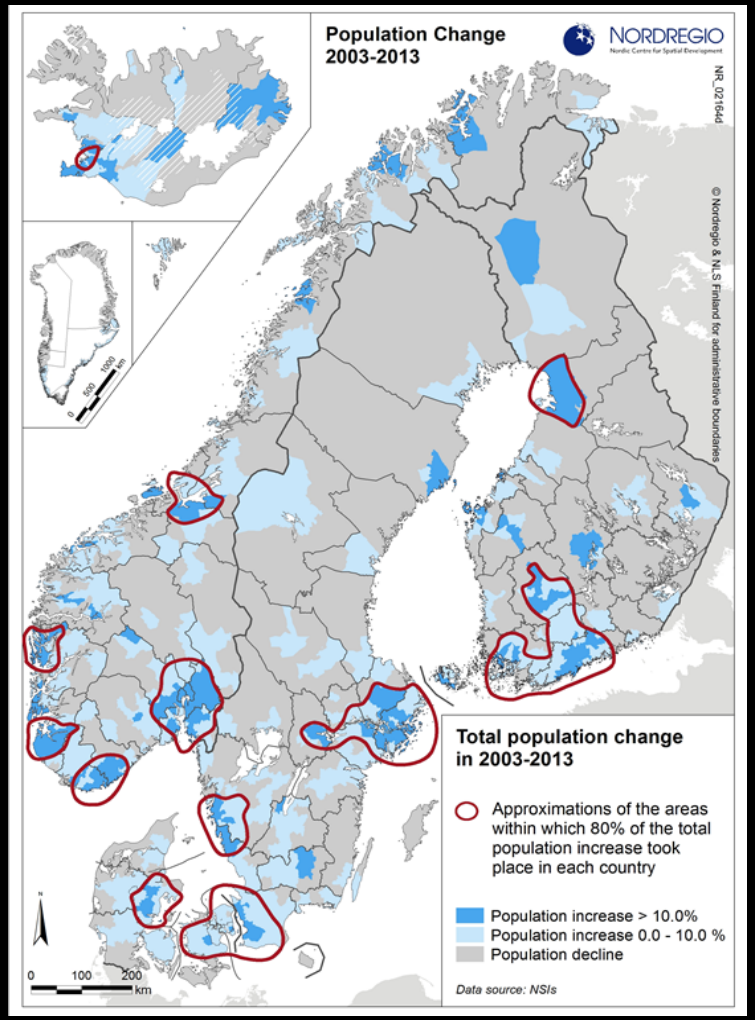
Net migration, annual average 2008-2014 (%)
< -0.5
-0.5 - -0.1
-0.1 - 0.1
0.1 - 0.5
> 0.5
Data source: NSIs
Nordic 2008-2014 average 0,7
0 100 200 km


Population Change
2003-2013
NORDREGIO
Nordic Centre for Spatial Development
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Total population change in 2003-2013
Approximations of the areas within which 80% of the total population increase took place in each country
Population increase > 10.0%
Population increase 0.0 - 10.0 %
Population decline
Data source: NSIs
0 100 200 km

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The constraints put in place by governance systems should not be over-estimated in any study of place leadership

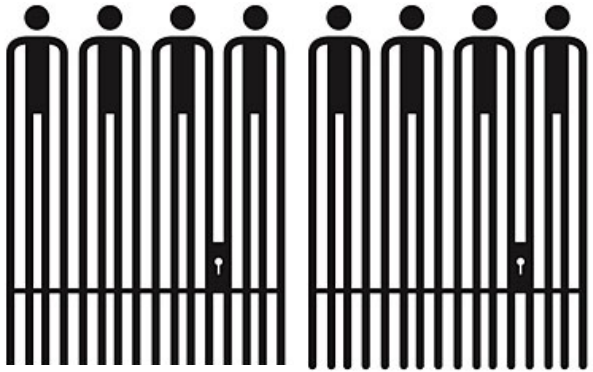

*Image credit: New York Times*

The best of the place leaders stretch the constraints they face and navigate through complex events, networks and governance systems.

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# Finland and South Australia
## Place leadership / governance comparison

(Sotarauta & Beer, 2017)

| Finland | Australia |
|---|---|
| PL grounded in<br>- well-developed public sector institutions<br>- with specialist staff<br>- with specialist training | PL dependent on the voluntary efforts of individuals from the private sector and the broader community. |
| PL embedded in a complex governance setting | PL indirect - the centralizing tendency of central governments vs. independently-minded local leaders |
| Fairly open | Less open (reluctance to debate regional needs publicly) |

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# Finland and South Australia
## Place leadership / governance comparison

(Sotarauta & Beer, 2017)

| Finland | Australia |
|---|---|
| PL **institutionally** based<br>Authority derived<br>from inside government | PL **individualised**<br>Authority derived<br>from outside of government |
| A co-ordinated market economy | A liberal market economy |

Place leadership, as it finds institutional expression in Finland, is one manifestation of **strategic interaction** amongst firms, public agencies and other actors.

This type of interaction is more common in co-ordinated market economies than in liberal market economies

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# Place leadership

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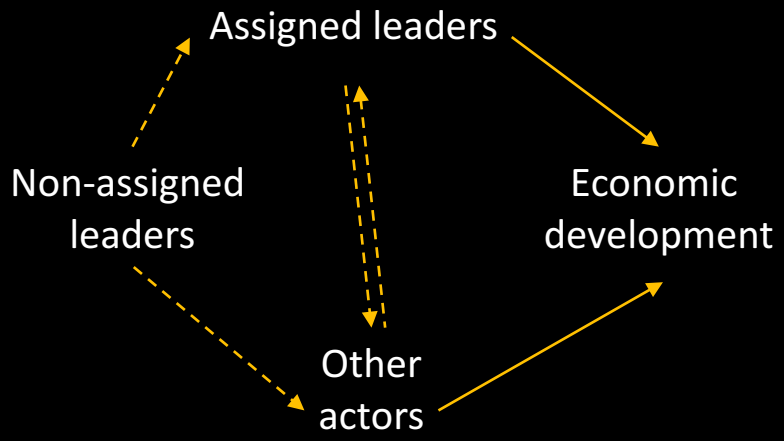
# Why place leadership

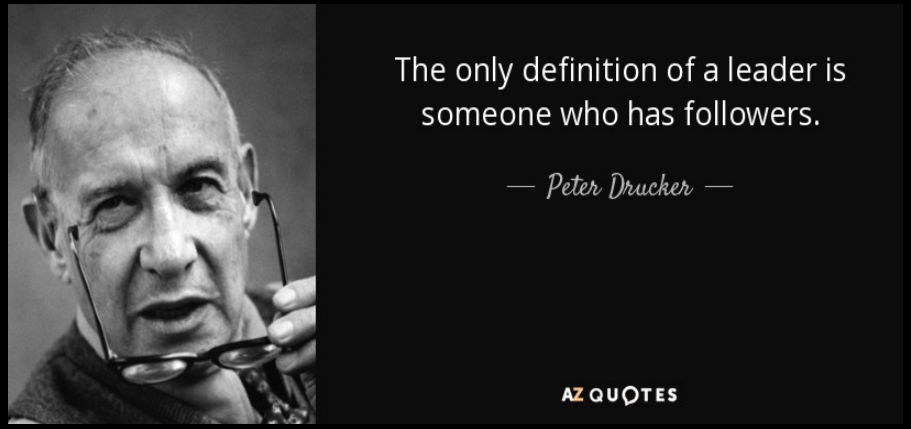
- Growing (but still limited) literature, and emerging consensus, on the nature, origins and expression of place leadership
- A series of studies concluding the problem is poor leadership
- Place leadership still is the missing factor in the regional development puzzle (Rodriguez-Pose 2013)

- Mismatch between policy recommendations and
  - knowledge on how to do it all
- The perils of reactionary policies
- Neglected power and politics
- New modes of governance
- Every-day complexity
- Hollow rhetoric of poor leadership or lack of leadership




# Place leadership

- No one is ‘in charge’ – no command and control; beyond deference and formal authority
  - Regional development practices are to large extent **indirect** in nature (but not only)
- Leadership may be everywhere
  - **Followers are <u>not</u> assigned to leaders**
    - Followers always have a choice not to act and follow – the position needs to be earned



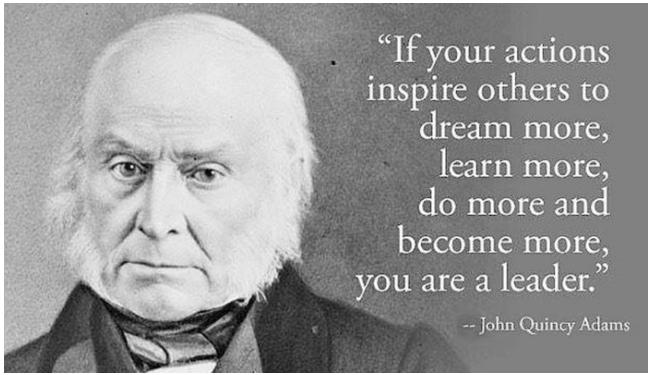
"If not specifically prompted, discourse about leadership did not feature in network or cluster talk at all"

(Sydow et al 2000)

- Leadership in-between
- Distributed leadership
- Shared leadership
- Hidden leadership
- Emergent leadership

# Place leaders

- stretch constraints while managers operate within them
- reach beyond their familiar fields of activity to influence
- reach beyond those individual organisations and institutions that authorise them to take the lead
- are required to influence actors who are not by definition their followers



# Place leaders
(skillful ones)

- aim at creating novel context for collective action instead of directly directing the course of actions and events
- induce, or rather ‘seduce’, other actors to do something differently (mobilisation)
- do not aim to challenge preferences of the other actors
  - but aim to combine individual aims to collective regional objectives
- aim to multiply the opportunities and alternatives for other actors

- Place leaders devise and effectuate institutional change through…
  - Collective action, shared goals
  - Group tensions, challenging other actors, fighting, bullying
  - Framing

- Belief formation
- Knowledge justification
- Political tactics
- Professionalization
- Theorization
- Making decisions and channeling resources

- **Different strategies in different phases of a process**

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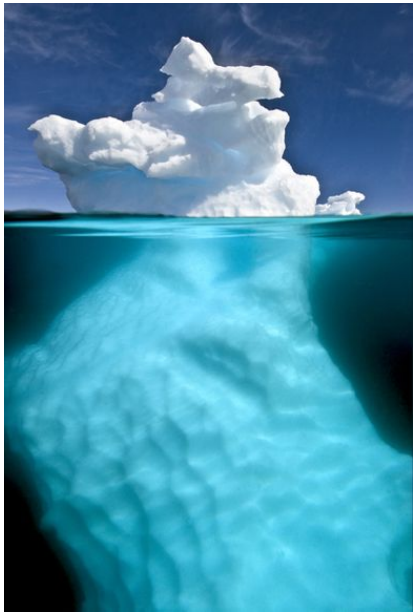
# Leading knowledge processes

- **Unlocking** socially and historically embedded local/regional knowledge
  - what do we know about our region that we do not know that we know?
- **Translating** local knowledge into national/global policy language and feeding it into wider knowledge processes
  - how to make our knowledge their knowledge?
- **Tapping into** global networks for tacit knowledge to learn what is in the pipeline for becoming formalized
  - what should we take seriously and what not?



(Source: Sotarauta,
Horlings and Liddle 2012)

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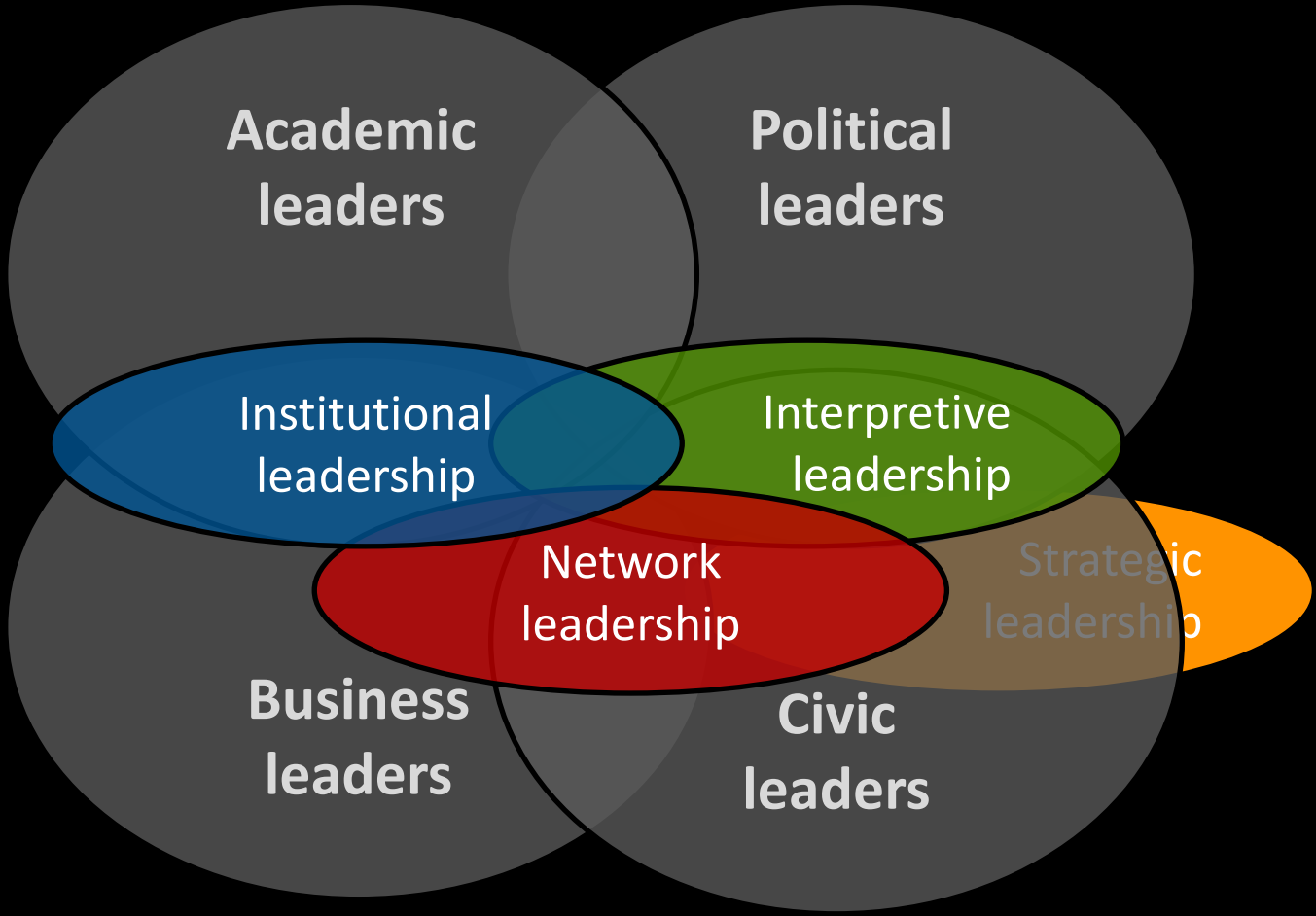
# Leading knowledge processes

- **Transferring** and **translating** global knowledge into local language, thinking and action
  - what does all the fuss mean to us?
- **Discussing** local plans and decisions as well as plans of individual actors to generate strategic awareness
  - what do we want to achieve collectively as well as independently?
- **Debating, interpreting and combining** different sources of knowledge into local understanding and awareness
  - how would we understand various sources of knowledge and act on fresh knowledge, if we did not discuss and debate it?

(Source: Sotarauta, Horlings and Liddle 2012)




(Sotarauta 2009; 2016)

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# Trap

# Trap

## Semantic clarity

- Not always clear enough
- For example, what differentiates leadership from governance and partnership (intuitively clear but…)

"Place-based **leadership** is the tendency of the community to collaborate across sectors in a sustained, purposeful manner to enhance the economic performance or economic environment of its region" (Stough et al 2001)

Place-based **partnership** is the tendency of the community to collaborate across sectors in a sustained, purposeful manner to enhance the economic performance or economic environment of its region

Place-based **governance** is the tendency of the community to collaborate across sectors in a sustained, purposeful manner to enhance the economic performance or economic environment of its region

**Leadership** is about creating a way for people to contribute to making something significant happen in a region

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# Some concluding remarks

Who influences whom, how, for what purpose and in what kind of context – and with what outcomes?

# Set of questions

(Sotarauta & Pulkkinen 2011)

- **Who are they?**
  - No pre-selection based on assignments or formal positions
- **How do place leaders influence** the course of events and aim to change the very same institutional setting in which they are embedded?
- **What are leadership strategies like in differing governance settings?**
  - How do they establish new governance and power systems, how do they deploy the existing systems of power and governance?
- **What is the soil like where place leaders emerge, operate, and learn their skill?**

- Place leadership is a marathon, not a sprint
- At its best, leadership is a relay, a shared effort in time and place
  - Relay of knowledge, power and capabilities

(Sotarauta 2016)

Continuous struggle for influence within and between regions

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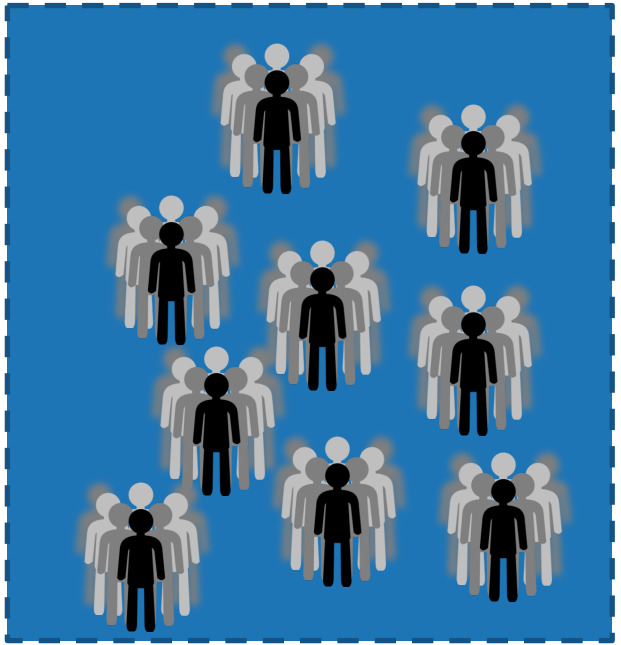
# Leadership studies in the local/regional development context

## Three perspectives in mind

- the **process perspective** that informs a study on dynamism of regional development and secures a temporally conscious approach
- **network perspective** that informs about the social relationships of the actors in and beyond the regional development world
- **governance perspective** that informs about the wider systemic issues framing and molding both the actual systems and forms of leadership



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# Effective development efforts call for place leadership

What is the right place for actors
in economic transformation of localities/regions?

”Do individuals make history, or does history make individuals who make history?”

(Richard Samuels)

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Thank you for your patience!