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Urban Competitiveness and Management of Urban Policy Networks: Some Reflections from Tampere and Oulu

Introduction

In the beginning of the 21ˢᵗ century cities are confronting fiercer competition than before. At the same time it has been stressed that network or associational modes of action are needed to transcend such various one-sided dualisms as state vs. market, public v.s private etc. In the 90's both competition and co-operation are focused on. Cities should therefore be at the same time able to compete with other urban regions and to co-operate and create functioning networks. The border between competition and co-operation seems to be blurring. Different functions and processes are more often seen to be organised globally and locally in a network-like way instead of hierarchies and pure market relations. Belonging to networks and the changes taking place in the networks are more clearly than before critical sources of power.

The aim of this paper is to elaborate network management as an element of urban competitiveness. First, competitiveness and competitive advantage is scrutinised; second, urban governance and policy-networks are focused; third, the basics of network management are elaborated and fourth, the theoretical discussion is illustrated by two cases: managing perception gap between municipalities in the urban region of Tampere and participation of enterprises in urban economic development strategy-making in the Oulu subregion.

Competitive advantage of urban regions

Finnish local government has rather long a history in conscious efforts to promote economic development (see Sotarauta & Linnamaa 1998a). In the 00`s, due to globalising economy and changes in the Finnish economy and public administration, Finnish cities are forced to focus more on their competitiveness. At the same time the present Finnish development model relies more than before on partnership and networks.

Instead of being directly targeted at firms or employment Finnish urban development policies focus nowadays more on urban competitiveness as a whole. The core of competitive advantage is consciously developed. In order to be sources of "superior performance" resources and capabilities must be, drawing on Barney & Hesterly (1996, 134), a) valuable (in the sense of enabling actors to exploit their environmental opportunities and/or neutralise their threats), b) rare among current or potential competitors, c) costly to imitate and d) without close strategic substitutes. According to Linnamaa (1999) the competitiveness of urban regions is based upon six basic elements[1] (Figure 1). However, the competitive significance of each of these elements depends on the local context.

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[1] For a more elaborated version of the eight elements of urban competitiveness, see Sotarauta & Mustikkamäki & Linnamaa (2001)
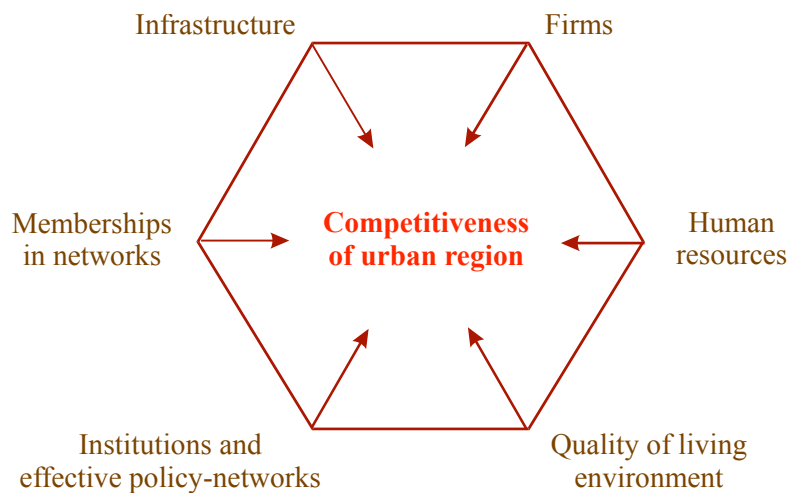
FIGURE 1. The elements of competitiveness of urban regions (Linnamaa 1999)

In Finland, infrastructure, firms and human resources are the 'traditional' targets of policies. Yet some Finnish cities and towns have started focusing more on promoting the quality of the living environment as an element of competitiveness.

The large body of literature has raised the issue of the kinds of institutional qualities of "local milieu" and learning regions, which seem to be important in urban development. In Finland, the importance of effective policy-networks has been recognised and present urban development policies are based on networking. However, experience suggests that actors have had difficulties in comprehending how to act in networks and how to manage networks. Therefore we have proposed the following working hypothesis for studies of the significance of policy networks for competitiveness in a Finnish context:

- Despite the present emphasis on network-like modes of action in Finnish local development policy, actors have difficulties in comprehending how to act in networks. Because of these difficulties resources of networks are not exploited in the a best way possible.
- Many of the shortcomings faced in urban development policy processes are due to lack of attention to the challenges involved in network management.
- The good quality of policy processes enhanced by effective network management is a competitive advantage of urban region[2]. The competitive advantage of urban regions is affected by the effectiveness of network management.

Urban governance and urban economic development policy

In this paper, drawing on the argumentation of Healey et.al. (1995, 18), "the urban" is understood as an ensemble of diverse social relations, with different referents and spatial dimension, which co-exist in the confined arena of city areas. The particular nature of the ensemble of relations to be found in a place "makes a difference" to the possibilities for economic development. The result of this kind of reasoning is that the literature has increasingly turned the attention of researchers and policy-makers away from "economic" causes of the growth of

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[2] See Sotarauta & Linnamaa (1998b)

3 It can also be called in question whether policy networks are only "new forms of an old corporatism" (Healey 1998).

new industrial agglomerations, towards social and institutional factors. (See e.g. Amin & Thrift 1995; Pyke & Sengenberger 1992; Maskell & Malmberg 1995; Cooke et al. 1996.)

Diverse social relations as a starting-point the major general level transition-facing policy-makers is a shift from government to governance. In this paper urban governance is a concept that highlights the general nature of the structures and processes that connect public sector activities to each other and to various communities and in this case, especially to economic development and the business sector. According to Bailey's definition, *government* implies a standardised form of policy, a highly organised and co-ordinated form of government. *Governance* refers to the act, manner or function of governing and suggests a multiplicity of ways in which functions are carried out and economic development promoted. It implies fragmentation at the local level. (Bailey 1993, 146.) From this perspective, the key question concerns whether existing or new forms of urban governance can release the potentials, and reduce the tensions, of coexistence and power sharing in multiple webs of relations (Healey et al. 1995, 9; see Bryson & Crosby 1992.)

At the simplest level governance is concerned with cross-sectoral co-operation and the adaptation of network membership and relations to changing circumstances. Combinations should not be determined on institutional or regional grounds, but rather on the basis of shared issues, regardless of administrative borders. Thus in solving each problem an effort should be made to cover the entire network, all the actors who are affected by the issue at hand. (Benington 1994, 33.)

TABLE 1. Difference in the formulation of policy processes in government and governance thinking (adapted from Sotarauta 1996)

	Government	*Governance*
System	• bureaucratic, centrally co-ordinated and sectored, emphasis on tradition of doing things alone	• decentralised, emphasis on doing together and networking, also mutual dependence recognised and accepted
Problems	• tame, can be relatively precisely defined	• increasingly wicked, hard to define
Objects	• clear, basic assumption of shared nature of society's main goals and lack of conflict	• differentiated; may also be contradictory
Resources	• resources believed to grow continuously, political attention on allocation of resources; existing constructs and actions not questioned	• needs constantly exceed resources, ample economic operating environment formed from organisations capable of negotiation and ready to seek and start-up joint projects
Organisation of co-operation	• institution-based policy arena	• issue-based policy arena

In the 90's and the 00's, it seems that the only way to cope with the current pace of changes is to accept the increasing interplay between actors, and to benefit from it. Application of the strategy of governance leads to a multiple overlapping negotiation system between various

actors at different levels. However, the adoption a new, more communicative and interactive ways of problem solving and policy design is not only a technical issue. It is also very much a matter of mental models, and the culture of policy-making and managing.

Usually the concept of policy-making refers to the planning procedures and actions of the public sector, but in this paper its interactive and participatory aspects are emphasised, and thus concepts such as urban governance, policy-networks and network management are focused on. They all reflect the importance of analysing the processes and not only the structures of systems or policy contents when studying urban development policy.

As is indicated above, in the 90's interactive and communicative modes of policy-making were emphasised according to principles of partnership and networks and thus the urban development policy can be defined to be ...

> a local and sub-regional level communicative process, in which different aims and strategies of many actors are reconciled, and various interests balanced, and touching-points and concrete means between many objectives are constantly looked for and co-ordinated for the promotion of economic life and development of competitiveness (Linnamaa 1996; Sotarauta & Linnamaa 1997).

In this definition terms like "reconciliation", "balancing", and "co-ordination" have been used because such processes are necessary if network-like modes of action are to achieve shared vision, shared will, and other similar aims that have been emphasised in the Finnish policy discourse. In a way local development policy has become, drawing on Hoppe's definition, "a never ending series of communications and strategic moves by which various actors in loosely coupled forums of public deliberation construct intersubjunctive meanings. These meanings are continually translated into collective projects, plans, actions, and artefacts, which become the issues in the next cycle of political judgement and meaning constructions and so on". (Hoppe 1993, 77.)

Policy-networks

In networks modes of resource allocation is carried out by transactions through networks of individuals engaged in reciprocal, preferential and mutually supportive actions. A basic assumption in networks is that one party is dependent on resources controlled by another, and that there are gains to be had by the pooling of resources. Additionally in networks individual units exist not by themselves, but in relation to other units. (Powell 1991, 272.)

The network approach offers a realistic alternative to the rather straightforward policy models (HB: mitkä nämä ovat?). The concept of policy-network is used to indicate patterns of relations between interdependent public, semi-public and private actors involved in processes of public policy-making in a certain policy field. (Kickert 1997 et al.) In studies of policy networks new kinds of questions are asked – such as, "who is included and who excluded?", "which groups exert pressure?", "who has formal power and who informal" – allowing both the conflict and the consensus models of social interaction to be incorporated. Therefore the policy network approach does not assume that decisions flow only from top policy makers

downwards, but recognises a more versatile field of policy making. (Cooke 1996, 33.) As Kenis and Schneider state, policy networks are mechanisms of political resource mobilisation in situations where the capacity for decision making, program formulation and implementation is widely distributed or dispersed among private and public actors. A policy network can be described in terms of its actors, their linkages and its boundary. (Kenis & Schneider 1991, 41.)

One important advantage of the network concept is that it helps us to understand not only formal institutional arrangements but also highly complex informal relationships in the policy process (Kenis & Schneider 1991, 27). The policy network provides a plausible framework for studies of urban development policy, because in Finland, several interest groups take part in urban development policy and various organisations are dependent on each other's resources, information and skills. In addition, it seems to be evident that there is no "third party" to control the network, but rather there is a process controlling itself being full of opportunities, but also confusion due incoherence and conservatism. (see Sotarauta & Linnamaa 1997.)

Hence, networks are not free of problems. The network mode of action assumes the following causes of failure:

- the lack of incentives to co-operate and the existence of blockades to collective action,
- proposed goals may be vague or not provocative,
- important actors may be absent, while the presence of other actors may discourage the participation of necessary actors,
- crucial information about goals, means and actors may be lacking,
- discretionary power may be absent,
  the absence of commitment of actors to the common purpose may also be a reason for failure.
  (Kickert et al. 1997.)

In addition, as Termeer and Koppenjan (1997, 79) argue, blockages in policy processes are not only caused by conflicts of interest and power relations, but equally by the perceptions of the situation.

Prescriptions for networks are aimed at the improvement of the conditions of collective action. Network management, i.e. the management of the interaction processes within networks or the changing of the structural and cultural characteristics of the network can do this.

Network management

Operating in a world of shared-power in which governance is the effect of actors have on one another and themselves, the achievement of successful policy processes requires new kinds of management suitable for the networks. In connection with policy networks *network management refers to activity, which seeks to promote process of interaction, to serve as mediator for interaction between different actors and to direct activities towards searching for a goal.* In

principle every actor involved in policy-network can perform management role. (Network management can be defined as a form of co-ordination of strategies of actors with different goals with regard to a certain problem or policy measure within an existing framework of interorganisational relations. The management role of governmental actors is not self-evident in the policy networks. In principle every actor involved in policy-network can perform a management role. (Kickert et al. 1997.)

Kickert and Koppenjan have divided network management into game management and network constitution. The policy-network forms the operating environment in which different games are played on political decisions. The framework for the game is determined by different formal and informal rules, which take their form from the interests of the players. The unclear nature of the rules opens to interpretation forms relatively permanent networks. The games moreover renew the networks by strengthening the division of resources and the prevailing rules (Kickert & Koppenjan 1997, 39; Klijn et al. 1995, 439 - 441.)

Perhaps only a few of the actors of the network take part in the individual game. Their objective is the achievement of their own goals. In the game the objectives of the players are tried to reconcile and to seek solution alternatives between the various objectives. The position of a player in the network is defined via the strategies adopted; the interaction occurring with other actors and the resources the players brings. (Klijn et al. 1995, 440 - 441.)

Managing the game aims at the selective activation of the actors, the mobilisation of resources, the possibilities and limitations imposed by the rules and the formation of different compromises and shared perceptions. When leading the game the nature of the network is taken as given, constitution the network seeks to change the network by exerting influence on the relations pertaining between the participating actors, by taking new members into the network by excluding from the network old members or changing the division of resources, rules, norms, values and perceptions. (Klijn et al. 1995, 42.)

According to Klijn and Teisman *network management may address perceptions, actors and institutions and the relations between them.* In paying attention to actors' perceptions, the similarities and differences in actors' values, goals and perspectives are examined with relation to the matter at hand. At the same time means of reconciling different perceptions, values and perspectives are sought in order to make co-operation possible. Actor-oriented network management seeks to influence the combinations of the game and the entire network. By institutions Klijn and Teisman refer to those rules, resources and to that organisational field which gives the network its form. Institution-oriented network management seeks to influence the game by drawing attention to how the rules, norms etc. of the network support the functionality of the networks and individual games and that the interaction of actors is arranged in the best possible way for the game to be successful. Network management aimed at the institutions has an indirect influence on all present and future activities when the 'architecture' of the network changes (Klijn & Teisman 1997.)

TABLE 2. Management strategies in networks (adapted from Klijn & Teisman 1997).

	Perceptions	*Actors*	*Institutions*
Game management	• exploring similarities and differences in the actors' perceptions, acting to reconcile different goals	• activation of actors with important resources	• arranging the interaction between the actors in the best possible way for the success of the game
Network constitution	• changing actors' perceptions of the network (e.g. why the network exists, what games are played)	• bringing new actors into the network or changing the position of existing actors	• changing the network's resources or rules

When defining 'good' network attention must be paid to the difference in network management in relation to traditional management. From the standpoint of the hierarchical system good management is frequently evaluated by whether the goals are clear or whether intended actions have been taken. But these criteria are not suitable as main criteria in network management as new actors are involved, each of who have their own objectives. These may furthermore change in the course of the game. The lack of a clear deciding party in policy networks may impede assessment of management. (Klijn et al. 1995.)

In the evaluation of network management and policy processes attention should be paid to the process and its quality (Sotarauta 1997; Sotarauta & Linnamaa 1997; Sotarauta & Linnamaa 1998). A good process, however, does not guarantee a good result and conversely a good result does not necessarily mean that it has been produced in an 'acceptable' manner. In evaluating the quality of processes it is essential to ask whether there is interaction between the actors, how they are selected for the interaction process and how interaction and finding solutions between the different goals is arrived at. Network management may be seen to be successful if it is possible thereby to influence the actors, institutions and perceptions in such a way that...

- new actors and resources are brought into the policy process and actors already involved are activated,
- participants in the game can be brought to commitment so that the risk of withdrawal from joint action in the middle of it is less,
- the game does not lack those actors indispensable to the present problem,
- the actors in the game do not diminish the interest in participating of those actors which are crucial to the game,
- the rebuilding of the network does not cause difficult conflicts or destroy valuable resources,
- co-operation is possible, obstacles to it can be removed or avoided,
- interaction is well organised, of high quality and open,
- the costs of co-operation can be limited and shared so that the costs correspond to the share of the actors in the game (avoidance of win-lose and lose-lose situations) and that win-win results are possible (not all participants need achieve their objectives to the same extent),
- the risk of free riders is eliminated,
- there are sufficient incentives for co-operation,
  on the network there is sufficient executive power,
- the proposed objectives are clear and create sufficient tensions,

- actors participating in the network have sufficient information on goals, means and actors,
- actors' conflicting interests, power relations and conflicts due to different perceptions can be avoided,
- participants are able to communicate with others about their own original goals or goals modified in the course of the process and can seek points of intersection between different goals.

(Adapted and expanded after Kickert et al. 1997.)

There has also been criticism of policy networks, suggesting that they produce inefficient, unproductive and insufficiently legitimised policies (Kickert et al. 1997, 171.) The risk also exists that the policy networks become excessively closed "old boy" networks[3]. A closed network easily ends up pursuing its own advantages when the overall advantage of developing the urban area is relegated to the background. Different networks offer the opportunity for activities aimed at developing the urban regions to become more flexible, but at the same time there is the risk that democracy will be encroached upon unless its new modes are actively sought. Excessively closed networks are also inclined to lock into the old models of activity and thought, which have achieved success in the past. (see for example Cooke & Schienstock 1996.)

On the other hand the desirability of policy networks has been justified through the notion that they enable the inclusion of interest groups and implementing organisations in the preparation of policies and the utilisation of their knowledge and information in the process. The inclusion of the aforementioned organisations in the process facilitated social acceptance of the policy. Thus bringing the policy into force and implementing it is easier and less costly. Moreover, the inclusion of main individuals, groups and organisations and the taking into account of their interest and values enhances the democratic nature of the process and the capacity for solving problems. (Kickert et al. 1997, 171, see also Kenis & Schneider 1991, 42 - 43.)

Good network management promotes innovative and flexible policy process achievement and enhances the functionality of the networks. The functionality of urban networks, the quality and credibility of the region's internal interaction is preconditions for external image and credibility. Thus network management which supports network functionality may be seen as one of preconditions for the success of competition between urban regions.

Case I - Managing perception gap between municipalities in urban region of Tampere

Tampere is located 180 kilometres north of Helsinki, the capital of Finland. It is the second largest urban area in Finland with a population of almost 280 000. In the last few years' city's population has grown rapidly. Tampere's sub-region consists of the city of Tampere and the six municipalities around it. Tampere is also the heart of the Tampere Region (with 35 municipalities). Tampere is a traditional industrial urban region that has gone through a rather severe restructuration process. In its urban economic development strategies both such more traditional fields as automation and mechanical engineering are focused side by side with information technology. In a new urban development strategy of the city government a network mode of action has been adopted: urban development policy is extended to cover other poli-

cies of the city as well, i.e. educational and social policies, and many other actors outside the city government.

In Finland, the significance of co-operation between municipalities has increased during the 90's. Municipalities have sought models and strategies to better organise their co-operation in urban regions too (some progress has been reported), but at the same time it can be noted that in co-operation between municipalities the question is not only about organisational models and intended strategies but management of networks is also needed. More focus on actors, institutions and perceptions is needed. Next we scrutinise how differing perceptions affected co-operation between municipalities in Tampere region in 1997 and how efforts have been made to manage the network.

The Co-operation between the City of Tampere and the other municipalities around it does not go as it might be desired. According to our analysis[4] this is due to varying perceptions of the need for co-operation and its significance and their failure to find common ground. This is reflected both in "a floating of institutions" and in a decrease in actors' interest. In practice the variance in perceptions meant, that the City of Tampere perceived co-operation in promotion of economic development as an operative matter. In such a case it seeked to avoid new rigid organisational structures and built up activities in terms of projects around the existing networks.

The surrounding municipalities, for their part, perceived co-operation with City of Tampere as a strategic matter. In the long-term view it is important for them to get themselves into co-operation with a city, which has greater material and human resources at its disposal. The surrounding municipalities may likewise assume that the City of Tampere and its superior resources should carry the main responsibility for the preparation and implementation of various projects. This in turn caused the City to feel that as main producer of co-operation in practice the commitment of the other municipalities to the activity itself is minor. The other municipalities, too, entertained their own suspicions regarding the commitment of the city of Tampere to the co-operation as they may interpret its attitude to be that it did not consider the co-operation to be sufficiently important. So it happened that two perceptions based on different logic led to a situation in which the organisation of co-operation is lacking in efficiency. It did not become institutionalised, i.e. it did not achieve a sufficiently stable position; there was nobody to shoulder the overall responsibility. Lack of efficiency increased the competition between municipalities, which simultaneously impeded the preparation of rules of play with which to direct the co-operation. The quality of interaction relations was also affected by the difference between perceptions and the lack of rules of play, and this in due course reflected back on the actors' perceptions and inclination to embark on the further development of institutions. The vicious circle, which began with varying perceptions hence, continued rolling on.

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[4] Based on Sotarauta & Linnamaa (1997a).

Goals hard
to define

Perceptions

City of Tampere:
Co-operation is operative matter

Surrounding municipalities:
Co-operation is strategic matter

Institutions

"Floating situation"
Rules and ways of
organisations are not
developed

Interaction

*New/old
perceptions
confirmed*

Actors

Difficulties in
involving new actors
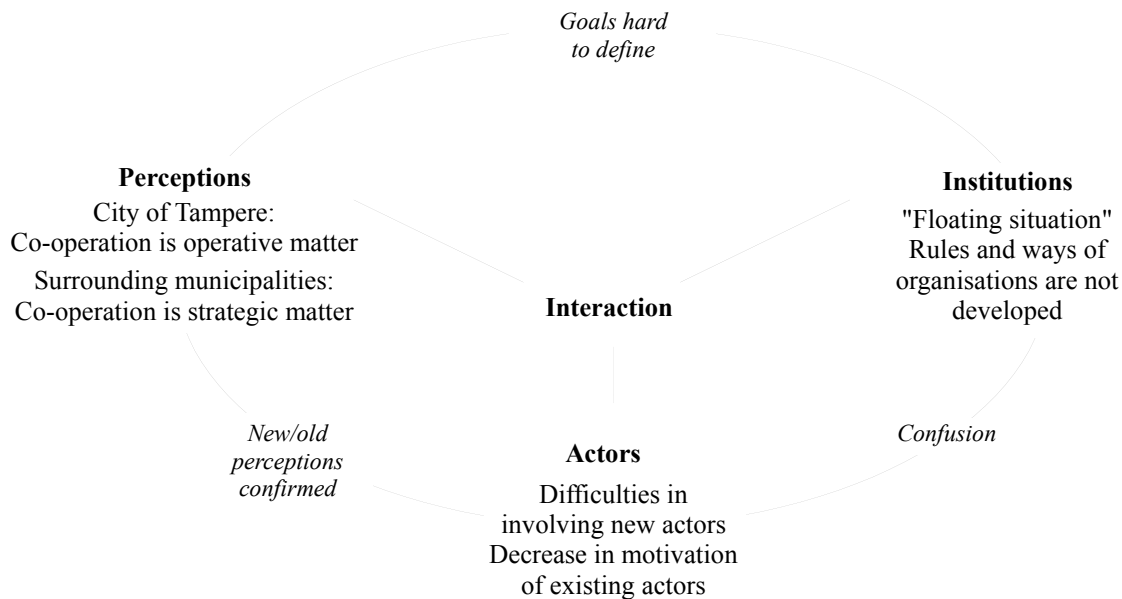Decrease in motivation
of existing actors

Confusion

FIGURE 2. The meeting of perceptions, actors and institutions in the urban region of Tampere

Stiffening competition and the spread of network like operations in policy co-operation among municipalities in an urban region have renewed modes of operation, but they have also given rise to new problems. Haste and the round of meetings and negotiations occasioned by the networks cause these problems. This combination have lead to a situation in which there is no time to prepare meetings thoroughly enough and also no time because of all the meetings to carry matters right through. Likewise conscious information management and the creation of new knowledge are easily overridden by the daily routines. In addition to differing perceptions, the problems of network like mode of action have also been encountered in urban region of Tampere. The following were identified as operational problems of the network:

- not sufficient time to take care of all tasks properly
- promoting projects between meetings has been difficult
- information on the development of the area has not always bee available, or obtaining it has been too timetaking
- meetings have become involved and dragged out
- projects have been "forgotten" for lack of a common source of information
- there has been little project evaluation
- it has been difficult to promote projects as material was fragmented
- documentation of meetings has been inadequate
- the periods between meetings have not been used efficiently

In the urban region of Tampere, after recognising the differing perceptions as one of the main causes of difficulties of co-operation flexible network like mode of co-operation was "institutionalised". In the course of the discussions about differing perceptions and difficulties in organising communication in networks there emerged the thought whether creating an information system on Internet could support the operationality of the networks. This idea progressed to realisation in the spring of 1998 when co-operation between the Seinäjoki Unit for Re-

gional Management Studies and the City of Tampere produced the CityWeb concept. In autumn 1998 the City of Tampere set about realising the concept in collaboration with ICL. In this connection the presentation of CityWeb is based on the CityWeb Workshop held under ICL and on the report on the CityWeb concept.

In order to tackle problems of networks and to render the activities of the network more efficient in general, CityWeb was delegated the task of ordering the information, knowledge and discussions appertaining to the development of the Tampere region, and further of creating new knowledge in support of that development and of supporting the management of the networks. The main mission of CityWeb is the ordering of explicit knowledge and its combining. It simultaneously offers one tool in the absorption of knowledge (but does not guarantee this). From this task the main goal of CityWeb was defined as that of supporting the functioning of the network of the urban region by improving the efficiency of preparation for meetings, by reducing the need for meetings and by bringing order into the ongoing discussions regarding the development of the region around Tampere and how this is to be promoted. The background to CityWeb is the idea of interaction which is not dependent on time or place, the preparation of meetings and projects and more effective utilisation than before of feedback and information. Thus CityWeb enables the creation of new knowledge.

CityWeb is the tool of the network of actors involved in promotion of urban development and is thus not an open system. It is built up on the regular users and actors to be invited separately case by case. Its subareas are:

- ordering of information - various statistics, project descriptions etc.
- information gathering, including questionnaires to be carried out on the information network (both qualitative and quantitative information gathering)
- interaction - a discussion forum of the network
- preparation and decision-making - decision-making on projects supported by (if necessary anonymous) ballots with their justifications (divergence of views)
- prediction - the delfoi system supporting future predictions
- ideation - seeking for new thoughts and ideas

In urban region of Tampere, the main cause for ineffective co-operation was differing perceptions. It was reflected in many pragmatic situations. After identifying different perceptions it was possible to improve institutional architecture in co-operation between municipalities. As a consequence of conscious efforts to create a better functioning network a CityWeb concept was designed.

Case II - Participation of enterprises in urban economic development strategy-making in the Oulu subregion[5]

Oulu is the largest city in Northern Finland[6] and it is situated on the shore of the Gulf of Bothnia. The City of Oulu is the centre of Oulu's sub-region (Oulu and the six municipalities

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[5] Based on Linnamaa (1998)

around it) and the region called North Ostrobothnia (with 43 municipalities). In Oulu-subregion, the major economic sectors are electronics, electrical appliances, paper and pulp, food industry and chemical industry. The main branches of economic activity to be promoted are electronics, telecommunications, medical biotechnology and medical technology.

City of Oulu (and its sub-region) has earned a reputation of proactive and dynamic in the field of promotion of local economic development. In the early 1980's, Oulu launched an effort to develop Oulu as a City of Technology, and one of the major initiatives was to found Oulu Technopolis. It was the first Science Park to be created in the Nordic Countries and today it is well-known high-tech concentration. In addition the co-operative spirit among firms, municipalities, research and educational institutes and other public agencies is well known and respected in Finland. As a rare example in Finland, when formulating intended strategies for the sub-region entrepreneurs participate extensively.

The economic affairs office of the city of Oulu began urban economic development strategy preparation in 1991 in collaboration with the Oulu Chamber of Commerce and enterprise management in the area. Other municipalities of the subregions were involved in the process and the strategies created were subregional in nature. At the start of the planning process certain company managers in various fields of operation known to be interested in social issues. And the rest of society justified the importance of participation in strategy work. The need for participation was also justified by the claim that by participation in strategy-making the companies have the opportunity to exert influence in the allocation of public funds in order to enhance the preconditions for business and to fulfil the individual needs of business activity. Participation by enterprises would further serve to prevent the strategy from merely gathering dust in a drawer. Over 40 entrepreneurs participated in the strategy work. The strategy concentrated on the development of the operating environments of technology enterprises and in removing barriers to development. (Sotarauta & Linnamaa 1997, 138 - 140.)

In spring 1995 an initiative was taken on the consideration of the subregion's economic strategy. The focal area selected was industrial fields other than hi-tech (despite this the development of technology enterprise was still an importance issues in the Oulu subregion). The analysis made at the beginning of the process identified seven distinct industrial areas of operation. Individuals in companies in these fields these known to be active in social issues were contacted. These people duly encourage others to come along. The entrepreneurs formed groups by different industries and an entrepreneur chaired the various task forces with economic development officers of the municipalities acting in a secretarial capacity. The particularly extensive management group for the examination of the economic strategy included representatives from companies, the Chamber of Commerce, the entrepreneurs' associations, the university, the educational institutions, the insurance companies and the municipalities. (The

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[6] Oulu has the sixth largest population amongst Finnish cities, a population of 113 567 (Statistics Finland, 31.12.1997)

Economic Development Strategy of the Subregion of Oulu 1997; & Linnamaa 1997a, 138 - 140.)

The total number of company managers and expertise involved in the examination of the strategy was approximately 80, and they assessed the development prospects for their own fields up to the year 2000. The economic development officers in the subregions compiled a summary report of the groupwork by field of operation for processing by the management group. In March 1996 the management group approved the strategy proposal and in November 1996 the final strategy was approved. Alongside the urban economic development strategy the centre of expertise programme for the subregion was also considered. Some 80 companies were involved. (Ibid.)

The participation of entrepreneurs in the preparation of the urban economic development strategy has increased their interest in also participating in projects to put it into practice: it is felt that the project correspond to the development need of the enterprises as the entrepreneurs themselves have been involved. The message of the success of the programme process has spread and co-operation between the municipalities in the urban area and enterprises is considered advisable. (Ibid.)

Concluding remarks

Urban development policy is determined in this paper as a comprehensive, administrative and functional border crossing action for the promotion of economic life and development of competitiveness. Urban development policy is outlined and implemented in policy networks for the promotion of local economic development. Knowledge and skills for solutions to the problems are dispersed to many actors in this network.

Because urban development policy is outlined and implemented in a shared power world, successful urban development policy presupposes the co-operation of different organisations and a new kind of management practice. In principle any actor of the policy network for promotion urban development policy can be a network manager, but because municipalities answer comprehensively for the development of the region and the welfare of the citizens, the municipalities are often in the best position to be network managers.

At general level, the task of Business Development Services of the City of Tampere (network manager's) is to act as the link for various perceptions and as an intermediary for information. Within the municipal organisation the task of the manager is to forward economic development policy objectives and the needs of enterprises and their workers to other administrative bodies and elected persons. Thus the task of the network manager in the municipal organisation is to bridge the gap in operation culture between the enterprises and the municipality. The network manager may serve as a means of presenting the action logic of the enterprises in the municipal organisation and on the other hand as the intermediary for the reasons for municipal democratic decision-making in the direction of the enterprises. Considering all

the parties participating in the implementation of the concept of comprehensive urban development policy the network manager may through openness of information and information transfer remove barriers to co-operation and improve the strategic consciousness of the actors.

In Tampere case the role of network manager fell to the city organisation and especially to those units responsible for economic development affairs. In Tampere, network management aims at the reducing perception gap between municipalities, and thus to create more effective institutional set-up. To bolster network management a new kind of information system functioning in Internet (CityWeb) is created.

In Oulu, network management in our case focused on actors, the entrepreneurs were new actors in the preparation of economic strategies. The activation of the entrepreneurs intentionally exploited the different perceptions of the strategy-making work by entrepreneurs and external organisations: the entrepreneurs were challenged to join in strategy-making by appealing to the enterprises' ability to attain concrete strategies corresponding to the enterprises' needs. In the example of Oulu management of the networks aimed at institutions was connected with the arranging of interaction between actors: firstly entrepreneurs were encouraged to join in by enterprises already active in social issues in the entrepreneurs' own language. Secondly the groups were arranged according to field of operation and thirdly the responsibility for managing the groups was with the entrepreneurs. In Tampere, too, the role of the Business Development Services of the City of Tampere as an arranger and co-ordinator of co-operation is emphasised, the task of the office was to find the right partners for each problem in turn and keep co-operation intact.

Even if urban development policy is nowadays a clearly network-like mode of action, the matter in question ultimately relates to the capability of the actors to act as networks preconceive. The acting in development network demands unlearning of thinking and action practices, which are not suitable for the new situation and avoiding locking into them and the learning of practises, which are appropriate in networks. However, a network-like mode of action does not directly solve the problems and intensify action. A new approach is the strategic issue. The difficulties to learn new thinking and action practices make the response slower.

The policy-networks of good quality have not usually be seen as a competitive advantage, but according to our tentative studies it seems to be a significant element of urban competitiveness because…

- policy network of good quality, generated by effective network management, enables the network of many actors to exploit resources available both in the urban region and external to it. In addition it enables in creating new resources, and thus policy network of good quality is the basis in which opportunities are grasped and threats neutralised,
- policy-network of good quality is not necessarily rare among current or potential competitors, but it is difficult to sustain and imitate.

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