

# Regions

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## UNDERSTANDING REGIONAL LEADERSHIP



- Issues for regional leadership
- Regional development in China
- Plant closures: lessons from MG Rover

## NORDIC VIEW ON LEADERSHIP IN REGIONAL DEVELOPMENT GAMES

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### Regional development games

During the last few decades, and especially in the 1990s and 2000s, we have been learning a lot about studying and shaping regional development from bottom up. In spite of this, for some time now, I have been wondering where the diversity of human life and our societies vanishes when secrets of regional development are presented in the form of development programmes, studies, reports, models and statistics. Obviously I am simplifying, but nevertheless I feel that we should be able to better understand the relationship between past paths, contemporary developments, possible futures and especially the nature of human action in the midst of all this. The numerous games played in the regions are the basis of where futures are growing.

First of all, I must point out that game is not a negative concept here, as it is easily seen in a policy context. Game can simply be seen as a series of moves (actions and decisions) and countermoves in a certain context. The game of regional development refers to all those actions and decisions by many actors that have an effect on the unfolding of regional futures. There are numerous players that monitor each other's moves when deciding about moves of their own. Games are full of choices and situations in which there are 'no turns for making a move'. Often the details of regional development games have been left deliberately vague. It is not always on what measure a proposal is made that counts, but rather who makes the proposal and in what connection.

A regional development game can be seen from two basic points of view. It either refers a) to competition between regions as to which ones are to succeed in the future or b) to competition within regions as to which groups are best able to shape their respective regions. Of course, both of these exist and they are intertwined in many ways. The point here is that if we really want to understand regional development games from bottom up, we should study the players, managers and club owners, etc. too, not only those structures and institutions in

which regional development games are embedded. Leadership might provide us with additional analytical leverage in these efforts.

### Regional leadership – a wasteland of regional development studies?

Leadership has, for one reason or another, remained in the shadows in regional development studies. Somehow this is strange, is it not? As if there were no people all over the world who aim to promote regional development in their respective regions by changing game rules, inventing new plays or by building new teams for a specific purpose. They mobilise heterogeneous groups of actors and competences, they pull together conflicting visions and ideas, they search for new perceptions about the region and its future and, they simply make people talk on issues to which they have earlier paid no attention. These people aim to influence other actors in the name of regional development, i.e. they aim to take a leadership position.

Our empirical studies from Finland, Norway and Denmark show that to promote change, a standard manoeuvre is to establish a high status core group to manage the change process. More often than not the constitution of these groups is based on the personal relations of the policy initiator(s) who actually set the problem and development agenda. This is not big news; the news is that new forms of interactive and networked forms of governance have made policy-making not only more flexible but also fuzzier. The borderline between an elitist growth coalition that hides itself behind a rhetorical wall and a dynamic motor of wider mobilisation is fine indeed. The true nature of these kinds of growth coalitions is hard to detect and, here leadership studies might do us some good. All in all, the significance of core players to shepherd and mould complex policy processes has become even more central than before.

The case studies on the economic transformation of Tampere,

emergence of bio concentration in Turku and an ICT mini-cluster in Jyväskylä indicate that in spite of fairly large and open participation only a few people have actually been able to see the entire playing field, make sense of it and hence lead the fragmented and heterogeneous bunch of organisations to pool their resources and competences for something bigger. This requires a good capability to operate simultaneously at the crossroads of several playing fields, i.e. the game is played with several ministries, municipalities, universities, firms, citizens groups, etc.

In regional development games the need to cross a multitude of policy barriers is formidable and, often the success or failure in these efforts culminates in the regional leadership capacity or lack of it. As an OECD study on university engagement in the Trondelag region in Norway revealed (Sotarauta et al., 2006), lack of strong regional leadership that rises above individual organisations may actually be among the core obstacles in preventing a move forward in science-based regional development in a situation where the absorptive capacity of the region is low but the science base very strong. The gap between a world-class university and ordinary region is not easily transcended.

In regional leadership, the question is not only about skills and knowledge but also about credibility. A credible and substantially strong champion in a general policy field may be totally neglected in a specific business area, and vice versa. Henrik Bruun illustrates with a nice interview quote, drawing on his study on North Denmark, how different people are needed for different arenas: "Okkels and Petersen are respected in different circles, so they shared the job of informing about the DDN [a major development



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programme]. Petersen is known among IT suppliers who want to sell their products to the municipality of Aalborg ... Okkels inspires people ... He is known as a person who has done a lot for the region, also for the industry. If he goes out and says that this is a unique opportunity for North Jutland, people listen ... He knows what fires them (university, firms, employer organizations, etc.) and what doesn't, who like each other and who don't." (Bruun, 2002)

**Institutional entrepreneurs with leadership capacity**

Regional leadership leads us to study the roles that various individuals, and coalitions formed by them, have in regional institutionalisation, deinstitutionalisation and re-institutionalisation processes. My aim is not to claim that there are individuals 'who change the institutions' and 'develop regions'. Instead, my claim is that out there, there are people who influence more than most of us and, who aim to organize and reorganize social action for the betterment of some aspects of their regions. Paul J. DiMaggio (1988) has labelled these people as 'institutional entrepreneurs'.

As a form of embedded agency institutional entrepreneurship is a truly challenging form of activity. Institutional entrepreneurs are embedded in many different but overlapping social settings and sometimes they have an ambition to change the institutions in which the factors constraining, affecting and/or authorising their own activity as well as regional development are embedded. These people aim consciously to reach organizations and communities across the boundaries, to reach such spheres in which their actions and words may have influence despite having no authorization.

As Ronald Heifetz (1994) reminds us, there is a visible difference between being an authority and a leader. Indeed, there are plenty of people in the field of regional development who are in positions of authority but who do not exercise much leadership. Sometimes we can also find people who exercise leadership without formal authority and power brought by it. In most cases, to make a difference, such shared leadership is required that pools together different forms of power, authority and knowledge (see different forms of power to be pooled in Table 1).

Collective effort and pursuit of shared leadership may not mean much in regions with abundant resources, large variety of actors and many self-organizing

**Table 1: Resources of power of the Finnish regional development officers in order of importance**

**Interpretive power**

- Such expert knowledge that enables me to convince the key persons of changes needed
- New concepts, models and thinking patterns that make other actors see things differently
- Such expert knowledge that enables me to convince the key persons of my own role in the development work

**Network power**

- Such personal networks that enable me to pull initiatives through
- Respect of the other actors towards my expertise
- Good relationships with representatives of the media
- Such personal networks that provide me with new information

**Institutional power**

- Official position that provides me with power to demand that other actors act differently
- Official position that provides me with power to change institutions guiding development work
- Official position that provides me with authority to organise official strategy processes
- Official position that provides me with authority to change the ways the development work is organised

**Resource power**

- Power to decide how regional development funds are used
- Authority to reward other actors for work done for the region
- Enough time and money to achieve objectives set for me

*Source: Sotarauta, forth*

processes, but many Nordic regions are relatively small and their resources are scarce, and therefore they cannot afford to waste resources. In addition, individual organizations are usually not strong enough to make a difference alone from a regional economic development point of view, and here, conscious efforts to lead complex networks and constantly evolving processes come into the picture.

**Some concluding remarks**

Institutional entrepreneurship and leadership, and other micro level conceptual lenses, might help us to gain fresh views on regional economic development. This kind of approach might provide us with a more realistic and sensitive view on the complexities of regional development. We might learn quite a lot about endogenous development processes, their pros and cons and, we might also learn more about 'bad leadership'. Institutional entrepreneurship might teach us to appreciate more the pain and resistance always present in regional development efforts and, to become more sensitive with such issues as the difficult balance between hope and fear. These lessons might do us good.

Of course, leadership always raises

conflicting views in our flourishing field of inquiry. It is quite easy to underrate its significance by arguing that regional development cannot be led, that it is a result of many forces, or that it is impossible to identify leaders who really make a difference. It is also quite easy to overemphasize the role of leadership by giving some leader(s) all the credit, thus mystifying leadership and reconstructing the old-fashioned notion of a leader as a 'talented and visionary person' who controls and provides his followers with a visionary direction. This is naturally an overly simplified dichotomy but discussions on the role of leadership in regional development easily drift along these lines, even though reality is much more diverse. At all events, leadership in regional development is more or less an interdependent process, no one can lead the development process, or even some fragments of it, alone (if at all).

All in all, what we need in regional development studies is more empirical investigations into who stretches the constraints, with whom and how, for what and for whose purposes. Leadership might provide us with one possible avenue to study also new forms of democracy, endogenous innovation processes or

perhaps even abuse of regional development funds leading to undesired results.

Ultimately, the research question is what is the right place for individuals in the economic transformation of regions/ locations, in the birth and development of innovation systems? As Richard Samuels asks: is it history that makes leaders, or is it leaders that make history?

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## REGIONAL LEADERSHIP IN CENTRAL EUROPE

**Attila Korompai, Corvinus University of Budapest, Martin Pelucha, University of Economics in Prague and Martin Sirak, Comenius University, Bratislava, Slovakia**



In this article, we briefly report on our empirical investigations into the ways in which major policy actors try to influence the rules and outcomes of

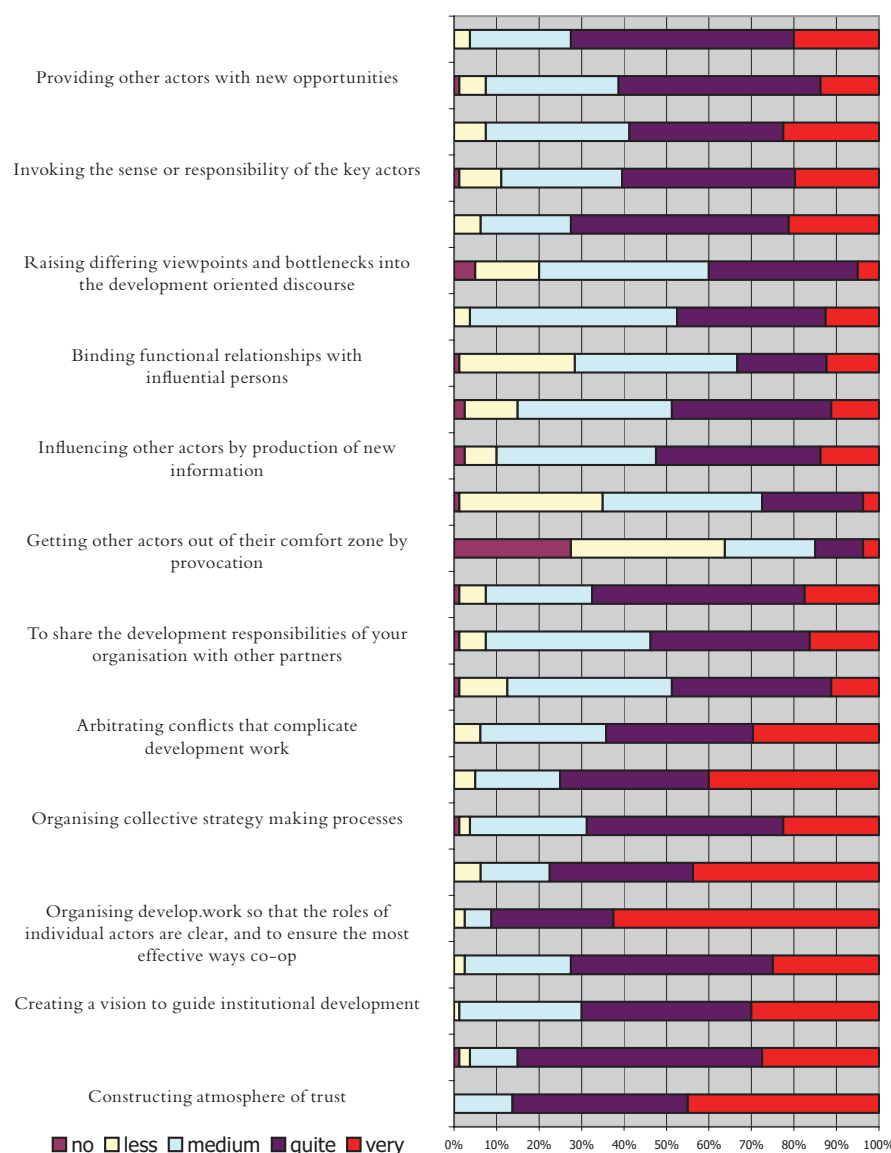
the regional development game in three Visegrad countries. Our research replicated the methodology developed by Sotarauta in Finland (see above). During August–September 2008, more than 1,000 contacts from Regional Self-Government (RsG) and Regional Development Agencies (RDA) were mailed in the Czech Republic, Hungary and Slovakia. The overall response rate was some 16%, which is considered satisfactory for the purpose of this pilot research. The sample included the so-called Regional Development Officers (RDOs), i.e. those professionals and their subordinates, employed or contracted out by RsG or RDA, whose job it is to promote regional development in line with the respective national legislation. Within the RsG, RDOs include the staff working at existing departments of regional development in administrative regions of the three post-communist countries. Tasks performed by such RDOs usually include strategic regional planning, industrial and tourism promotion,

EU project writing and consultancy, and sometimes land-use planning. The Hungarian study covered not only bureaucrats, but also local politicians like mayors and members of regional

assemblies, but those were excluded from cross-country comparative analysis.

The data collected provide a first general picture of the main tactics which RDOs use to influence other

**Figure 1: Importance of Various Influence Tactics used by Czech RDOs (based on own survey, n = 80)**



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THE VOICE OF THE MEMBERSHIP

In this issue, our guest editor Martin Sirak has brought together contributions on regional leadership experiences in a variety of national contexts in Europe and North America. This same theme is picked up by other contributors. Joyce Liddle discusses the challenges inherent in leading across sectoral, policy and spatial boundaries while Fiona Whitehurst and Frank Siedlok discuss leadership issues in the context of the development of the sub-sea technology cluster in North East England. Global events and the withdrawal of corporate investment can provide a severe test of the strength of regional leadership as demonstrated by ESRC research on the case of MG Rover in the West Midlands. The research team led by David Bailey focuses attention on the role of task forces in 'steering multiple agencies'.

Recession is a global phenomenon, and the ripple effects are now being felt even in China which has experienced unprecedented and sustained levels of economic growth over the past decade. John Shutt considers the ramifications of a global downturn for regions of China, in particular the growing concern for sustaining purchasing power and preserving social stability in the context of policy changes designed to rebalance the economy away from its dependence upon export markets.

We continue our commitment to sustain a healthy flow of 'news' items with reports and synopses of various activities. We particularly draw your attention to honours bestowed on several of our members, the continued productivity of the Research Networks and special reports on publications, including the current flow of titles under the RSA Book Series provided by Gillian Bristow.



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