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WHERE HAVE ALL THE PEOPLE GONE?

Leadership in the Fields of Regional Development

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1. INTRODUCTION

For some time now I have wondered where all the people have gone. In the various policy arenas I have met a whole bunch of energetic but puzzled, active but confused people who aim to influence the course of events to ensure a better future for their regions. Often they understand clusters, they know the importance of industry–university interaction, they have been taught to respect innovation systems and to build them, but what they have not been given much advice on is how to do it; how to create networks for these purposes, how to direct and maintain them – how to lead complex networks?

Leadership in regional economic development is not a black box only for practitioners but for academics, too. In regional development studies, we tend to forget that it is always easier to find out the elements of success or failure in retrospect than to find new development paths for the future and new modes of action in the middle of uncertain and open-ended situations. It is always easier to say that social capital, networks, innovation systems and/or clusters are important for regional economic development than to actually build trust, manage networks, develop systems or construct clusters. In spite of being keen on development processes myself, I feel sympathy for Markussen's (1999, 870) famous critique on regional development studies not focusing enough on agency: "…the displacement of agents and actions by process nouns entails a shift away from the study of actors, bureaus and social groups, the structures within which they operate their actions and outcomes, toward a discourse in which processes themselves become the causal agents".

When aiming to bring agency back to regional development studies, one way to do it is to analyse the actions of powerful individuals, and ask how they actually direct complex processes of regional development, how they influence and what kind of power they have. As Samuels (2003) argues, it would be possible to gain analytical leverage if we understood better the consequences of the choices made and the actions taken by powerful individuals. Lagendijk (2003, 9–10), quoting Ernste's lectures, maintains that "one of the key challenges in geography still is to improve our theoretical understanding of how self-reflexive individuals, as part of social networks, behave in space". Focusing on those individuals who have the capacity to transform, to lead is one but of course not the only way to tackle this challenge.

Leadership in the corporate context appears as a hugely written topic but, in our field of interest, it appears as an important but understudied, almost totally neglected, topic. Leadership has not been among issues widely and explicitly studied. However, in many studies, the significance of key individuals has been raised and also elaborated (see e.g. Judd & Parkinson 1990; Flyvbjerg 1998).

Drawing upon several empirical projects, my aim is to contribute to the flourishing field of enquiry focused on regional economic development by raising leadership among the debated issues. I am not going to show "how a brilliant leader analysed the situation, mobilized the troops and transformed the region". This is not a story about heroic leadership. In regional economic development leadership is by definition shared, or fragmented, and be they as powerful as possible, leaders can usually transform nothing major alone. Therefore, the question is not only how leaders lead their own followers but also how they influence other leaders; even the most powerful ones of us are caught up in many processes, both emergent and designed, and may have little control over shaping their own or collective destinies.

The research questions discussed here are: a) what is shared leadership like in regional development; what is its place in the governance for economic development of regions and in development efforts; and b) what can leaders do, and what are they actually doing?

The empirical data is based on several case studies on local economic development in the Nordic countries, mainly in Finland. I draw on three of these. In the "Process-based regional development policy (Prob)" project (see Sotarauta & Bruun 2002), Linnamaa (2002) studied the emergence of information and communication technology cluster in Jyväskylä, Finland, and Bruun's (2002a) analysis within the same project focused on the biotrajectory in Turku, Finland. I also refer to Bruun's (2002b) case study in Northern Denmark. In the Prob project, we did not explicitly study leadership but economic development processes and policy networks. However, in the cases, leadership emerged as one of the central factors in breaking out from an old path, finding a new one, getting people involved and ensuring that something actually happened. Therefore, we have launched a new project titled "Innovation Capabilities of Innovation Developers (InnoKom), in which we focus explicitly on leadership as well as on capabilities and skills needed in leading complex policy networks.

I raise the need to study leadership in regional development by setting it in the context of governance, especially policy networks, and by drawing on interviews and archival material of the Prob project. The tentative view on the nature of shared leadership and its core processes are based on the interviews conducted within the InnoKom project. We have interviewed altogether 41 Finnish actors responsible for the promotion of economic development in city governments, technology centres, regional development agencies, and ministries and other national bodies. In this article, I selectively raise some core questions and suggest preliminary answers derived from the studies described above to those questions that would contribute to the forthcoming efforts to frame a potential model of shared leadership in regional development.

2. POLICY NETWORKS IN THE ECONOMIC DEVELOPMENT OF REGIONS

There is a growing support for the view that promoting regional economic development is an interactive process between firms, various public or semi-public development agencies and research institutions. Consequently, there has been a move away from understanding policy-making as a rational decision-making and planning process proceeding from policy design to decision-making, and finally to implementation, towards comprehending policy as a multiagent, multiobjective,

multivision and pluralistic process, in which the actual policy is shaped continuously (Sotarauta 1996). In this kind of process, such questions as what is to be done, and how, are constantly negotiated and communicated in various forums. The concept of policy network is aimed to help us in taking a better grasp over the new contexts in which policy processes take place.

A network can simply be defined as a series of established social relationships, of various degrees, between interdependent actors. A basic assumption is that one party is dependent on resources and/ competencies controlled by another, and that there are gains if the resources and competencies can be pooled. Moreover, in networks individual units exist not by themselves, but always in relation to other units. 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 (Kenis & Schneider 1991, 27). On their part, Kickert et al. (1997, 6) define policy networks as "more or less stable patterns of social relations between interdependent actors, which take shape around policy problems and/or policy programmes". This kind of interaction does not only reflect complexity, but also is in itself complex, dynamic and pluralistic (Sotarauta 1996).

The concept of policy network is a good point of departure when seeking to understand and analyse leadership in regional development. For example, the bio-grouping-focused local economic policy process in Turku (Finland), according to Bruun (2002a), was a combination of new and old ways of acting and deciding as well as new and old coalitions; i.e. complex, constantly evolving policy network.

> "One of the striking features of the BioTurku -trajectory is that it did not follow established decision-making channels, but was rather created through a mixture of old and novel forms for decision-making. Thus, horizontal collaboration between people and organisations (sometimes formalised, sometimes informal) was at least equally important as the vertical decision-making hierarchies of, for instance, the city and the universities. Seen from a BioTurku-perspective, the locus of initiative has been on constant move, and the bio-grouping has been dynamic, self-transforming, rather than a static structure." (Bruun 2002a, 81.)

Bruun's observations tell us a story of a simultaneous search for new policy contents, and of new ways and combinations to achieve these aspirations. Policy networks are complementing, and in some cases even replacing, traditional forms of policy-making and purely market-oriented attempts. Clearly, one of the key issues in the policy arenas has been to forge systems of national, regional and local governance in support of various organizations to enable them at the same time to compete, co-operate and create functioning policy networks for regional development. This, perhaps, has resulted in a gradual erosion of traditional bases of political and economic power (see Pierre 2000, 1). All in all, policy networks are inherently political (not only party political), involving bargaining and compromise, winners and losers, ambiguity and uncertainty (Lynn et al. 2000, 4), and hence a challenge to mobilize, co-ordinate and direct these kinds of networks is formidable.

3. POLICY NETWORKS AND LEADERSHIP

The kind of policy-setting briefly described above is challenging. Leaders of the complex policy networks are not some external third parties, actors aiming to influence from above and outside, but the effect of different actors on each other and on themselves (Kickert 1993, 195). The classical,

mostly intra-organizational inspired leadership and management perspectives so dominant for more than a century in public administration and in corporate world are according to Agranoff and McGuire (1999) simply inapplicable for multiorganizational, multigovernmental, multisectoral and hence multivision, multistrategy and multivalue forms of governing and promotion of regional development. They argue further that if network management actually is, as is often argued, something different from intra-organizational forms of management, then research into network management and leadership should be increased and their conceptualization improved and accelerated. This view is supported by our empirical observations. In addition, a better understanding of cultural sensitivities is needed. Comparative studies on leadership in different regions throughout the world would be important to reveal the nature of leadership in different contexts. This article is inherently based on the experiences of relatively small regions in relatively small countries.

The need to better understand leadership in regional development is not only an academic question. As Bruun concludes his study on bio-grouping in Turku: "the future of BioTurku is at least partly dependent on how well its actors can balance between the conflicting needs … the management of a rapidly growing network is both difficult and risky. Investments must be made without having guarantees for success … integration, or mutual adaptation, seems to be of particular importance for successful network management." (Bruun 2002a.)

Linnamaa's analysis of the development process of information and communication technology in Jyväskylä (Finland) also reveals the roles that key individuals have played in policy networks.

"… these were the people who achieved the success, there were some strong visionaries who were also strong as personalities able to keep the wheel going in the right direction. In point of fact, well you couldn't say that it was all easy going, there were distinct conflicts at various stages of the development." (a quote from Linnamaa 2002, 62.)

"Even if I am talking about openness and transcending borders in politics, such in process management, such a certain concentration is a good thing. As I said before, Pekka Kettunen as mayor became the symbol of the rise of Jyväskylä… a great deal of matters went through him … great amounts of information go through him. He is also one of the few people capable of envisaging larger entities splendidly. He has a view over the entire playing field." (a quote from Linnamaa 2002, 63.)

In Turku and Jyväskylä, leadership has played a role, and according to Kostiainen and Sotarauta's (2003) and Lehtimäki's (2005) studies about the factors and forces that have laid the foundation for the economic transformation in Tampere (Finland), it has played a role there as well. Lehtimäki (2005) has studied the configuration process of the Tampere Technology Centre Hermia. According to him, "the most important element in this configuration was the set of active individuals who promoted the idea via their own networks inside and outside their own organisations".

In an earlier take on leadership in regional development (Sotarauta 2005), I argued that, in this context, leaders are required to lead not only within the boundaries of the organizations and communities that authorize them, but they consciously need 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. In regional development, leadership is not a straightforward question of leaders and followers. To be a leader, an actor should be able to influence the actions of other organizations, and thus also the actions and decisions of other leaders. Leaders lead some issues but

are often followers in others, and some of the followers may in some other occasion be leaders. In this kind of context, there are several leaders having different qualities.

> "… the question is about leadership, surely. The ability to lead is needed, it does not refer to hierarchical leadership ... this is rather management by negotiation rights, or something like that. I have no authority over technology centres in Finland, not to mention ministries. And our centres [Finnish technology centres], they do not always control the resources used in their work, they [resources and decision-making power] are somewhere else. We aim to influence by generating interaction, and there we have a good mandate to convene people; to create shared images and a shared will is what must be done. We use whatever resources we have … without leadership, it would be difficult in these networks. But it must be understood that we operate through other people, and in interaction with them we achieve what we want to accomplish" (representative of a national agency for the Finnish technology centres)

Leadership in policy networks is more or less an interdependent process. It consists of individuals, coalitions and their capabilities exercised in interaction to achieve joint and/or separate aims (Sotarauta 2005). An effective promotion of, let us say digital media in a city, requires in-depth understanding and knowledge of the substance of digital media; it also requires a good view on how general policy processes and specific policy processes of that field come together, what their dynamics is, who the key-people are and how issues can be pulled through the multiple chain of decision-making. In addition, somebody should know how people think in this field, what the driving forces of firms, researchers, and other key players in the field are, and what the right measures in building networks are in this specific field and how they can be linked to wider development efforts to gain more power. Therefore, leadership needs to be shared. No one can master all the pressures and all of these spheres of knowledge alone. Individuals with different knowledge from different walks of life are needed, and they ought to be able to pool their knowledge to show shared leadership.

Policy actors can be classified under three overlapping categories: policy generalists, persons of substance and persons of process understanding. At best the first have a spread of general policy interests for a region, good perception of trends and their significance and a high level of strategic awareness; the second have deep knowledge of respective business area and the last are likely network managers who are able to take care of carrying interactive processes. When brought together, they represent a needed set of knowledge and skills to create and maintain policy networks for new ideas, and perhaps also for pulling them through.

The question is not only about knowledge but also about credibility. A credible and substantially strong champion in a general policy field may be totally neglected, in digital media arenas, for example, and vice versa. Bruun describes 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. Petersen is known among IT suppliers who want to sell their products to the municipality of Aalborg. Aalborg is the biggest municipality in the region, and it is in charge of many projects together with other municipalities. So he has quite a large network there." (a quote from Bruun 2002b, 149-150.)

> "Okkels inspires people … he is a well-known face all over. 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. But he has also believed in the project at a personal level. People could see his enthusiasm … He knows what fires them (university, firms, employer organizations, etc.) and what doesn't, who like each other and who don't." (a quote from Bruun 2002b, 149.)

4. THE NATURE AND KEY PROCESSES OF SHARED LEADERSHIP

When a development need emerges, be it a need to improve "institutional thickness" (Amin & Thirft 1995) in a less-favoured region (Sotarauta & Kosonen 2004), to create local innovation environment for generation, application and exploitation of new knowledge (Cooke et al. 2004) or to attract highly-skilled experts to some location (Raunio 2005), a collective effort is often needed to tackle the challenge. This may not mean much in regions with abundant resources, large variety of actors and many self-organizing processes, but many Nordic regions are relatively small and their resources are scarce, and therefore they cannot afford to waste resources. In addition, in these kinds of regions, individual organizations are usually not strong enough to make a difference alone from regional economic development point of view, and here, shared leadership of complex networks and constantly evolving processes come into picture.

> "Well, they are not my ideas, I have not invented them, this is not my show, no. But I think that, in this work, people are the key, this is people-oriented work, best things happen in networks between motivated people. And here inspiring leaders are needed; the kind of persons who can create such a spirit that now we can go through that wall if we want to, it is needed every now and then. Big changes are of the kind that they cause a lot of confusion and personal pain (that) people are afraid of, and there is a lot of resistance of change. And you act as a catalyst and some kind of development manager in the process, you just try to raise the spirit of the team, success depends on that. You either bring the change off or you fail with the lack of spirit." (InnoKom interview, development manager in a regional development agency)

At this stage of research there are more questions about than answers to shared leadership, and not all of them can be covered here. But, drawing on the first observations both from our ongoing research project on leadership and from the literature on network management, I raise as the key processes, overlapping though, in leading collective efforts awareness raising, mobilization, framing, co-ordination and visioning between visions.
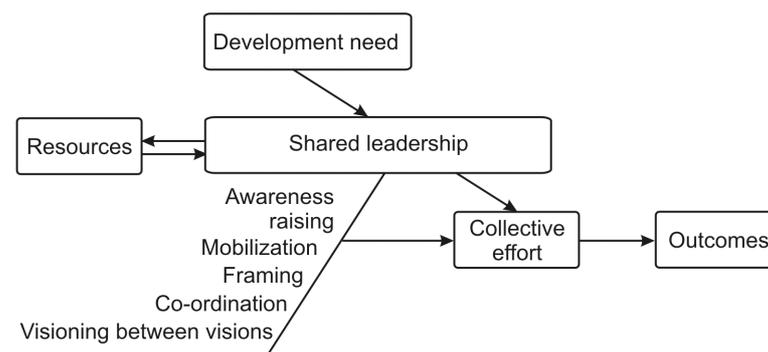

FIGURE 1. Shared leadership and its core processes

4.1 Creating strategic awareness

In leadership studies it has been recognized that raising awareness of a given issue or situation is one of the key tasks for leaders to engage in. As Heifetz says, a major challenge of leadership is to draw attention and then deflect it to the questions and issues that need to be faced. To do this, one has to provide context for the action and a story line that gives meaning to action. Other actors need to

comprehend the purpose of adaptive or transformative measures so that it focuses less on the person and more on the meaning of the new action, and thus various partners need to be actively involved in the sense-making process. (Heifetz 2003, 225.)

The basic methods in promoting awareness are seminars, distribution of information through various channels, getting the media to cover successful examples, and so on. Also strategic planning and technology foresight, for example, play an important role in the collective learning of a new vocabulary and creation of shared mental models. From this point of view, strategic planning and technology foresight are not elements of rational policy-making but tools in leading complex networks.

Our interviewees in the InnoKom project talked a lot about raising awareness. Without well enough established awareness of the emerging issues and future prospects of a region, generating change is especially difficult.

> "Awareness is an individual and grassroots-level phenomenon. A general awareness of what happens and will happen in this town has improved a lot, and it will improve, but a hell of a lot work is needed turn it into more general awareness. [InnoKom interview, development manager in a city government]

> "Communication has become the core in this work (promotion of business development in a city). Those things we really have here, those factors of attraction, and of pride, we must make them more widely known. So that those people who make the decisions are aware of these options too" [InnoKom interview, business development director of a city government]

It can be argued that strategic awareness is a crucial precondition in a continuous strategic adaptation process. When strategic awareness is good, the opportunity for flexible and fast decision-making opens up. It is possible to decentralize the decision-making power to where things actually happen. Collective strategic awareness directs individual decisions and measures towards more strategic. If strategic awareness is bad, it becomes necessary to have possibly very fundamental strategic discussions over every single issue which take time and may lead to a slow process due to an endless series of fires to be put down. The elements of strategic awareness can summarized as follows:

- *Strategic intentions* are manifestations of a policy network; in practice they are emerging processes about a) the desired leadership position among communities, b) the position of the various actors in community governance, and c) the establishment of the criteria to chart the progress.
- *Historical understanding* – traditions, past path and dominant trajectories, the changes in the region over time, i.e. the path that has been taken
- *The resource bases* of a region – possible opportunities and threats to it
- *Awareness of relevant knowledge* – what is currently going on in research, industry and policy development in the fields important to a region
- *The direction of present development*, where we are going if the present development continues
- *Possible futures* – both undesired and desired future alternatives
- *Necessary changes and strategic issues* – opportunities and threats

Being usually quite well informed, network leaders tend to forget that strategic awareness is not created quickly but but in a long process. Raising awareness requires an almost endless discussion roundabout with different interest groups and stakeholders.

> "Well, at first I wasn't even aware that they (various decision makers in different organizations) were so ignorant about this (new innovation strategy for a city). It was so simple and clear that I was under the impression that everybody knew about these things. Gradually I started to realize, because of the critique, that they were totally in

the dark about this. They had no idea about the main clue here. I went to local councils, neighbouring municipalities and other organizations, and talked a lot." (InnoKom interview, business development director in a city government)

4.2   Mobilization

Mobilization and hence also selective activation of the actors with important resources, competences and knowledge are among the core tasks in any network leader's activity, and it has been argued that network builders who are able to enrol others in networks are particularly important. (Bathelt 2005, 211.) Network leaders' task is to provide all relevant actors with a seat at the table when strategic issues are framed and strategic decisions are made, and actually activate them to take a seat. Mobilization starts with identifying possible participants and stakeholders relevant to the issue in hand, and continues with pooling their skills, knowledge, and resources (Agranoff and McGuire 1999). Mobilization requires the willingness of potential participants to devote resources to the network and to be influenced by actors who may have other interests at stake. However, it is not at all self-evident that firms, universities, and other relevant actors want to become members in various partnerships for regional development. More often than not they are not so interested in these kinds of collective activities. In Finland, local government quite often takes a lead in mobilizing various actors and creating new partnerships.

"City government has a role to play here, or the public sector in general, they can promote these things (regional innovation systems and knowledge production), they can be pretty good catalysts. Think the Centre of the Expertise Programme, for example, it has been a good catalyst, and still is." (Representative of a firm)

Mobilization is a very fragile and subtle process. Our interview data indicates that, without a major crisis, mobilization is not a simple task and network leaders actually need often to induce, or rather "seduce", various individuals and organizations to make them engaged in the collective efforts and to keep that engagement and commitment. A network leader cannot control and command other actors and therefore a delicate understanding of the other actors' needs, strategies, visions, and language and thinking patterns are needed to get them committed to the collective action, 'seductive moves' are needed. Seductive moves refer to such initiatives that other actors are not compelled to answer but actually they want to answer them, because these moves take into consideration strategies and objectives of other players. If 'forcing moves' are used in trying to make another player yield to the will of the one who makes the move, seductive moves are used in trying to make other players co-operate.

"I like the idea of seductive moves, it's a good concept. The whole style of communication is like a chameleon, you need different styles to communicate to reach different actors. That is one thing to recognize. Intuition does not help much here, you need to learn it; I mean what goes down with what group. One likes well-documented and argued proposals, one needs an enticing core idea, and to some you need to talk privately in the sauna, so, yes, there are many ways. (InnoKom interview, business development director in a city government)

"There are situations in which public interventions make sense; sometimes it may be a decisive factor that makes the whole thing going. So, you must respect their (firms and municipalities) competencies, delicacy of their goals and such is needed here, but you just feed them with ideas, very gently, and hope that they would get interested in them and join us in promoting this and that. That is what we can do" (InnoKom interview, a representative of one of the local Centres of Expertise)

If actors have a seat, they also need a voice. All too often actors are invited to participate in collective efforts for regional development to legitimize decisions made, or to increase credibility of forthcoming decisions, without actually having real opportunities to shape the outcome of strategic decisions and direct strategic actions. In principle, all interests should be included in network processes (Innes and Booher 2000), but resources like money, information, and expertise are the integrating mechanisms of networks and, therefore, in practice, policy networks are usually asymmetric in nature. Power is not evenly distributed and hence also deactivation seems to be a central component of leadership in policy networks. The removal of a network participant with potentially myriad effects on the network the most common tactics in this regard perhaps is to introduce new actors as a means to change the network dynamics, to change the power balance and to shift the influence of existing actors. (Klijn 1996; Klijn and Teisman 1997; Termeer and Koppenjan 1997).

Finally, when discussing mobilization, it should be remembered that a crisis is perhaps the strongest mobilizing force.

> "Here the recession taught us a lesson the hard way. It showed us once and for all that you can't get by alone. We're not sufficiently clever, big or rich for that and we don't have the resources to manage alone. But the recession was so hard on us that we just had to do something in order to survive. And why not do and think about it together."
> (a quote from Linnamaa 2002, 59-60.)

4.3   Framing

Above the role and importance of a seat and a voice were raised, but perhaps the highest form of power lies in the way in which actual conversations are created and in which problems and challenges are defined and framed. To make progress in collective action, strategic awareness should be framed towards a shared understanding of and vocabulary on issues in hand. This is a prerequisite for collective action.

A common strategic awareness of the key issues is often, although perhaps not always, needed to move towards shared interpretative frames of reference – a realization of the significance of changes needed, a common vocabulary and a way to perceive the innovation processes. At this level, network leadership is at its most powerful because it is also at its most subtle. The power to shape conversations, to frame strategic issues as well as individual problems of individual organizations rests, as argued above, on understanding the needs and resources of a whole series of different organizations with different objectives and strategies. Sense-making (Weick 1995) and interpretive processes (Lester & Piore 2004) are central in framing the issues for action.

As Lester and Piore point out, while interpretive processes require openness and disclosure, economic competition usually fosters opportunism, secrecy, and sometimes suspicion. There is also a tendency in economic organizations to push interpretive processes to the margin and overemphasize analytical problem-solving and short-terms results. Interpretive spaces within and among universities and firms, and the promotion of regional development, are fragile, and conversations are easily disrupted. However, as Lester and Piore have observed, economies need public spaces within which interpretive conversations can develop, spaces in which fears of the risk of private appropriation of information do not disrupt the conversations and collective framing efforts (Lester & Piore 2004).

Framing is used both during the formation of the network and as a management tool to find a direction for policy networks and for influencing its prevailing values and norms, and altering the perceptions of the network participants (Termeer & Koppenjan, 1997; Kickert & Koppenjan, 1997). A leader can frame the network context by introducing new ideas in the network (Kickert, et al., 1997) and thereby aiming to find common denominators both between individual goals and between individual and shared goals. Framing is also aimed not only for finding a shared perception over issues in hand, but also for finding shared mental models and shared vocabulary. Shared mental models are among the strongest glues in networks but the problem is that they emerge slowly and require a lot of face-to-face conversations among network participants. Framing gives shape to emerging development needs and strategies, and hence also to collective efforts, and it has great influence in the alignment of various forms of engagement.

The problem often is that our capabilities in recognizing open-ended exploratory parts of the development and innovation processes are not developed well enough; we simply do not have a vocabulary for them, and therefore both awareness-raising and framing a construction of a new shared vocabulary are constantly stressed here. They are among the stickiest glues in policy networks.

4.4   Co-ordination

By definition among the key tasks in a network leader's activity are to improve co-ordination between fragmented bunches of actors, to foster and organize collaboration, and to influence, if possible, the division of labour within the policy network. In the setting of policy networks, different aims and strategies of many actors are continuously reconciled, and various interests balanced, and touching points and concrete means between many objectives are constantly looked for and co-ordinated. I use consciously such terms as "to reconcile", "to balance" and "to co-ordinate", because it is doubtful if in policy networks it is possible to base strategic action on a shared vision and a shared will, if reciprocal interests are not taken into account (Sotarauta & Linnamaa 1998). Here a network leader can influence by creating the environment and by enhancing the conditions for favourable, productive interaction among network participants.

In aiming to co-ordinate the network or to integrate some parts of it more tightly together, network leaders basically have three general options to achieve their purpose. First, they can create or shape institutions and structures. Networks leaders can frame the development policies and processes and give various networks and development activities their context. Influencing through institutional set-up represents an aim to increase continuity in a rapidly changing world and provide actors with a clear and supportive playground. One part of co-ordination through institutions is to identify and demolish frozen shapes and hence to remove lock-ins. 'Frozen shape' refers to configurations of administrative structures and government processes which are static and not able to change to fit the changing environment, and thus they do not support development work in the policy networks. In practice, frozen shapes, i.e. old structures and institutions are usually the worst enemies of effective networking (see Kickert et al. 1997; Linnamaa & Sotarauta 2002)

"Of course, one part of this work is to strengthen competences, research stuff and such, and in firms too, and we are especially happy if we can help in building structures, enduring structures for all that." (InnoKom interview, representative of a local technology centre)

Second, network leaders may co-ordinate by forging trust, mutual dependency, loyalty, solidarity, and horizontal co-operation based on reciprocal support among organizations and individuals. This requires abilities to maintain and deepen the sense of mutual benefit that exists within the network by enhancing network connectivity, integration (mutual adaptation) and transparency (Sotarauta 2005).

> "My job is also to try to reduce mistrust, and build trust by my own actions; in this kind of networks the process is never finished, situations change all the time. Our task is to interpret the conversations, and act as some kind of interpreter between different parties, and in advance try to prevent difficulties from arising in communication and interaction relations. Better interaction, better forums for communication, that's our aim" (InnoKom interview, co-ordinator of a university network for regional development).

Third, network leaders may co-ordinate by producing shared and often tacit knowledge that lead to social integration of actors, which goes far beyond the institutions and networking and thus makes the ability to network competently and efficiently to utilize informal relations significant. Therefore, the ability to share feelings, emotions, experiences and mental models becomes important. (see Nonaka & Konno 1998; Sotarauta 2005.)

All in all, network leaders need to find a way to blend the various participants – each with conflicting goals or different perceptions or dissimilar values – to fulfil the strategic purpose of the network. The network leader seeks to achieve co-operation between actors while preventing, minimizing, or removing blockages to the co-operation. This steering of network processes is tantamount to process management in the sense that the result of the network process "derives from the interaction between the strategies of all actors involved" (Klijn & Teisman 1997, 99).

4.5   Visioning between visions

Basically the promotion of regional development is an inter-organizational form of change management in a wider economic and social entity, and as we have learnt, it is notoriously difficult in both intra-organizational and inter-organizational settings.

> "We think of organizations at being typically much better of the tasks of self-maintenance in a constant environment than they are of major change, and much better in changing in the direction of "more of the same" than they are at any other kind of change" (Nelson and Winter, 1982, 9–10).

An effective and collective promotion of regional development requires that policy networks are capable of raising visions of a different future into conversations and also in transforming these 'blue thoughts' into focused strategies and action. In many regions, efforts have been made to unify the actions of members of loosely coupled networks with the help of regional strategies and shared visions. In other words, it is hoped that regional strategies and shared visions would guide a maximum number of regional actors either directly or indirectly. A shared-vision-based strategic direction setting for regional development seems to have its limits.

Most strategies are designed so broadly that visions and strategies are 'nice and easy to support', because they exclude almost nothing. Our earlier studies show that many of the regional development strategies or shared visions do not mandate any radically new policy directions but they rather confirm and strengthen the directions initiated earlier (Sotarauta & Lakso 2000). Strategic planning

provides policy networks with many good tools and thinking patterns, but quite often the designed strategies fade away and disappear into a "black hole of classical strategy development" – visions are created and strategic objectives identified but, measures dissipate, and in the end, in the worst case, strategies do not have any guiding effect. Having said that, a question of how the direction for a wholes series of individual measures is found in a policy network, emerges as crucial. I would argue, quite paradoxically, that strategic planning and shared visions, in the hands of a good network leader, are powerful tools in direction setting.

In the policy network approach, commitment seems to have a new content; no commitment is sought for the idea created ready-made in the strategic planning process. There is rather a constant search for commitment from different points of view for shared projects requiring and enabling commitment. Moreover, the strategy continues to live and change along with circumstances. In a way it is constantly being recreated, and its direction quite often emerges through communication and interpretive processes. At their best they may lead to increased awareness and actors' realization that collective action is beneficial also to their organization's goals. It seems that shared visions are in practice combinations of goals and visions of individual actors, and therefore, an ability to identify individual goals and, secondly, to find and create the common dominators, the 'third solutions', between them seems to be a prerequisite for shared visions. Shared vision is a process that is based on visioning between visions, in which appreciating 'other visions' is crucial and learning about other actors' thinking patterns and especially about their views and perceptions over futures forms the core in the skill of a network leader. What often appears as a collective entity is a complex, constantly evolving process between the whole and its parts, between the collective and the individual.

> "It all starts by offering good openings, good opportunities to people, from their point of view good, I mean. We must provide them with a personal space in these settings to make them committed. They must find something for themselves, for their personal ambitions, an opportunity to learn something new, to gain visibility, or to take a next step in their own careers, something like this. People want to make a difference, accomplish something big, and we must offer them opportunities; that is the best way, I think. Who would not like to be a part of something big and important? We just need to paint a picture, create an image, and offer them roles in this puzzle to engage them in it". (InnoKom interview, business development director in a city government)

Strategic planning and visioning between visions as part of it and as an separate process are many-sided tools that have at least following direct and indirect direction-setting functions: a) it is a plan, in which a vision, strategies and adequate measures are presented in order to channel and direct the use of resources; b) it provides actors with legitimitative forums for co-operation; c) a strategy process is a conscious effort in making sense together, to learn a common language and new concepts, to create shared lines of action and thought patterns, and a way of seeing the development and the role of various actors in it; d) it is a means of communication, that is, messages from one group of actors to another group; e) it is a trigger for new processes; and f) it is a tool for making better sense of the ongoing open social discourse in a region from the point of view of regional development. (Sotarauta & Bruun 2002.)

5. CONCLUSIONS

"Well yes, one needs to be able to read the whole playing field, a field that is in a constant move. Most of the people understand only their own issues … Somebody just has to be able to see the whole field and aim for its management. In the field, there are actors that need to be convened to make new openings, launch new processes. Somebody needs to locate them and bring them together. Let us not forget tensions, and agonizing situations, what we need is quite flexible rules to guide our game,: it can't be too controlled a process. But somebody must blow the whistle, if needed, if the game gets overheated. All in all, we can create quite surprising combinations from these elements, and that's the whole point in this work." (InnoKom interview, development director in a city government)

In Finland, the dominant mode of action in the promotion of regional development is based on policy networks. However, it also seems that policy networks are a new layer on top of public administration structures that has not changed to support networking (Linnamaa & Sotarauta 2002). Consequently, promoting regional economic development is a much more complex and ambiguous process than ever before. The new complexity cannot be controlled, as was believed earlier, but it can be put in good use, and here leadership emerges as crucial. People who can "see the entire playing field" and make sense of many complementing and conflicting issues, instruments and actors simultaneously are of importance. They are the cohesive force. Their actions are of course influenced by the structures and institutions; leaders both act on them and aim to stretch them and other constraints.

Leadership raises conflicting views; it is quite easy to underrate its significance by arguing that regional economic 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. This is, of course, the nature of regional development, but it does not imply that leadership would not play any role. It is as 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 human being (often male)" 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 the reality is much more diverse. For me, it is evident that the capacity for bold and fast decisions in opening opportunities for new paths, not to mention flexibility and capabilities of key-actors in using a mobilizing power of images, story-telling and atmosphere, has been of utmost importance in many cases and these observations also emphasize the role of key individuals. It is also obvious, as Bruun (2002a) has also observed, that actors need to be open to initiatives that emerge via informal decision-making channels and capable of channelling these into formal decision-making.

While leadership has much to offer to regional development studies and practices, assuming greater leadership roles in policy networks requires that both academics and practitioners learn a critical lesson. Leadership is not only about having followers or about selling "my vision to you", it is not about control and a command type of action. Network leadership, shared in nature, is about changing the way in which people see the world, so that they would *voluntarily* turn their attention, decisions, and actions towards actions, collective and separate, which would benefit both the region and themselves.

In this article, my aim was to raise leadership among the debated issues in regional development studies, and to open some tentative views on network leaders' activity. Many questions remain unanswered. The major one of them is posed by Samuels (2003): "Do individuals make history, or does history make individuals who make history?" This question may be beyond our capabilities to answer in the ongoing research but, in the near future, we aim to report in more detail about situation-specific processes and influence tactics used in them. In addition, what kind of power is needed, how it is gained and used are in our interest. In issues related to power, Flyvbjerg (1998) has provided us with an elegant example of how a case study on power can really expose the various forms of it, in good and bad, extremely well. In addition to the questions raised here, it would be worthwhile to study more about the dark side of the leadership and growth regimes (see e.g. Molotch 1976; Harding 1991; Logan 1999). With corruption being at a very low level, almost non-existent, in the Nordic countries, we tend to assume that leadership is for a region and not for personal gain, and it may be that we too easily neglect the negative aspects of it.

Regional development is equally much about building structures and institutions as it is about acting on them, or rather co-evolving with them. The significance of structural factors is obvious but, at the same time, a comprehensive explanation of development processes, sequences of events, requires that we also give agency its proper attention, and this can be done by studying leadership in more detail. This is particularly true in a more self-reliance-oriented regional development context in which the central idea is to help the regions to help themselves instead of controlling from the top or circulating a one-size-fit-for-all model to the regions of Europe. Success in such development work depends partly on existing resources, but equally much on the abilities of regions, i.e. those of their key-players to create and attract new resources, to mobilize collective action, to pool existing resources, and therefore, also *how* things actually happen emerges as an important question in addition to the *what* and *why* questions.

> "… you have to understand that this not a positivistic world. It is no more about the world of planning or engineering world where A leads to B and then to C. This is a genuinely continuous hustle and bustle and you can't always know what depends on what, what measures lead where. Understanding this, fuzzy logic, is not important as such, you can't understand it; you just have to accept it; to accept that many of these processes simply are ambiguous and fuzzy. You need to experiment with some paths to take, and see if they're ok, if you find a good one you then move on but you need to have several options in your sleeve all the time" (InnoKom interview, senior official in a Ministry)

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