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Xiaohui Hu[a] and Robert Hassink[b]

ABSTRACT

Place leadership with Chinese characteristics? A case study of the Zaozhuang coal-mining region in transition. *Regional Studies*. Although the role of the local state in China's regional development has been regarded as important, individual local state actors and their relation with institutional change have been under-explored. Critically exploring the Western idea of place leadership, this paper launches the notion of local state leadership as a specific Chinese form of place leadership. Through a case study of the coal-mining region of Zaozhuang in Shandong, it articulates how interpretive, formal and network leadership are exercised by the prefectural-level mayor to affect institutionalization processes. These processes collectively create broader enabling conditions for local industrial change.

KEYWORDS

local state leadership; institutional change; economic restructuring; China

摘要

具有中国特色的地方领导力？转变中的枣庄煤矿区域的案例研究，区域研究。中国地方政府促进区域发展的重要作用已得到广泛承认，但个别的地方政府人员和他们与制度变迁的关系仍未得到深入研究。本文在批判性地探讨地方领导力这一西方概念的基础上，提出了一种符合中国情境的地方领导力概念，即地方政府领导力。通过对煤炭型城市山东枣庄的案例研究，本文阐述了该地市长是如何运用阐释性、正式性和网络性领导力来影响地方制度化进程。这些制度化进程逐步为地方产业转型创造了广泛而有力的条件。

关键词

地方政府领导力；制度变化；经济重塑；中国

RÉSUMÉ

Le leadership local à la chinoise? Étude de cas du bassin minier de Zaozhuang en période de transition. *Regional Studies*. Quoique l'on ait considéré le rôle de l'administration locale dans l'aménagement du territoire en Chine comme important, des acteurs étatiques locaux individuels et leur rapport au changement institutionnel ont été peu étudiés. Tout en examinant d'un oeil critique la notion occidentale de leadership local (place-based leadership), ce présent article élabore la notion de leadership étatique local comme un exemple spécifique de leadership local à la chinoise. À partir d'une étude de cas du bassin minier de Zaozhuang dans la province de Shandong, on élabore comment les formes de leadership interprétatif, formel et de réseau sont assumées par le maire à l'échelon des préfectures afin d'influencer les processus d'institutionnalisation. Tous processus confondus, on crée les conditions plus générales propices à la mutation industrielle locale.

MOTS-CLÉS

leadership étatique local; changement institutionnel; restructuration économique; Chine

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ZUSAMMENFASSUNG

Place Leadership auf Chinesisch? Die Fallstudie der Bergbauregion Zaozhuang im Wandel. *Regional Studies.* Auch wenn die Bedeutung der Lokalpolitik für die Regionalentwicklung in China grundsätzlich erkannt worden ist, so bleiben deren individuellen Akteure und ihr Einfluss auf institutionellen Wandel bisher dennoch weitgehend unbeachtet. In diesem Beitrag wird die westliche Auffassung des Begriffes 'place leadership' bewusst kritisch gesehen, um die in erster Linie chinesische Prägung des *Lokalstaat-Leadership* hervorzuheben. Das Fallbeispiel der vom Kohlebergbau geprägten Zaozhuang-Region (Provinz Shandong) zeigt, wie die drei Formen der interpretativen, formellen und vernetzten Führung durch den Präfektur-Bürgermeister umgesetzt werden und wie sie sich auf Institutionalisierungsprozesse auswirken. In ihrem Zusammenwirken führen diese Prozesse zu besseren Rahmenbedingungen für den lokalen Strukturwandel.

SCHLÜSSELWÖRTER
Lokalstaat-Leadership; institutioneller Wandel; Strukturwandel; China

RESUMEN

¿Liderazgo de lugar con características chinas? El estudio de caso sobre Zaozhuang, una región minera de carbón en transición. *Regional Studies*. Aunque se ha reconocido la importancia del papel del Estado local en el desarrollo regional de China, se han analizado insuficientemente los varios actores estatales de ámbito local y su relación con el cambio institucional. Explorando desde una perspectiva crítica la idea occidental del liderazgo de lugar, en este artículo introducimos la noción del liderazgo estatal de ámbito local como una forma específica china del liderazgo de lugar. A partir de un estudio de caso de la región minera del carbón de Zaozhuang (provincia de Shandong), articulamos cómo los alcaldes de prefecturas ejercen el liderazgo interpretativo, formal y de redes para afectar a los procesos de institucionalización. Estos procesos crean colectivamente condiciones facilitadoras más amplias para el cambio industrial de ámbito local.

PALABRAS CLAVES
liderazgo estatal de ámbito local; cambio institucional; reestructuración económica; China

INTRODUCTION

> Any conceptualization of local economic restructuring [in China] must humanize the state and take into consideration the role of the local leaders and their economic and political interests.
>
> (Ma, 2002, p. 1552)

Inspired by institutional theory and institutional economics, there is recently a growing awareness of the need to conceptualize the role of institutions in regional economic evolution (Bathelt & Glückler, 2013; Hassink, Klaerding, & Marques, 2014). These scholars call for an institutional agency-focused, multi-scalar and integrated relational-evolutionary approach, reasserting institutions as 'the humanly devised constraints that shape human interaction' (North, 1990, p. 3). Nevertheless, the causal mechanism between micro-level, individual agency institutionalization and collective action for regional renewal has been under-explored to date.

One approach to tackle this issue is by focusing on the role of leadership in regional development and by bringing 'people' back into the core of urban and regional development studies (Collinge & Gibney, 2010; Stimson, Stough, & Salazar, 2009). This research strand argues that leadership is not just about individual or grouped leaders' capabilities detached from context, but rather that it is about relational, collective agency that interactively shape and are shaped by a place-specific and broader context (Collinge & Gibney, 2010; Gibney, Copeland, & Murie, 2009). Place leaders refer to contextually embedded agents who are able to detect, articulate, translate and manage place-specific challenges and opportunities (Bailey, Bellandi, Caloffi, & De Propris, 2010). They have the potential to become *institutional entrepreneurs*, proactively attacking old institutions, initiating new ones, and delivering place-based governances and policies for regional economic change and resilience (Brooks, Vorley, & Williams, 2016; Sotarauta & Pulkkinen, 2011). Therefore, the notion of place leadership can be understood as an integral process of endogenous development in which place-based leaders mobilize power and assets, interact with followers, and impact institutional contexts for regional evolution.

Despite some first valuable insights, research on place leadership is still in its infancy, conceptually vague and empirically insufficient. One research gap is the relationship between leadership, institutional change and economic dynamism (Gertler, 2010; Sotarauta & Pulkkinen, 2011). Another important shortcoming is the prevailing focus on case studies in Anglo-American and European democratic countries. Little relevant research has yet been done in authoritarian contexts (Beer & Clower, 2014). Different national political contexts may result in highly divergent patterns and effectiveness of place leadership.

Therefore, this paper seeks to extend the existing literature by addressing place leadership in the Chinese context.

Given the Chinese authoritarian party–state context, the term 'leadership' (*Lingdaoli* in Chinese) is often tied to the ability of state leaders in policy-making and practical governance (Lieberthal & Oksenberg, 1988). Although the Chinese governance system[1] is complex and hierarchical, the *local* (which generally refers to the sub-national level, such as provincial, prefecture, county or township) state has been widely recognized as the most dynamic and entrepreneurial state (Oi, 1995; Zhu, 2004). This not only echoes the strand of research on the important role of the state as an autonomous and development-led agency in promoting industrial transformations, but also it reflects that in a decentralized context, the state as a geographically embedded entity is not detached from the local context (Evans, 1995). Moreover, it is contended that China's elite-based *nomenklatura* system has provided a solid political basis that enables the formation of sub-national, powerful government leadership (Chan, 2004). However, previous accounts often regard the whole local state as one behavioural agency, leaving the role of local state leaders in regional development under-conceptualized (Huang, 2008; Wei, 2000). Arguably because of political sensitiveness, they have not sufficiently scrutinized the role of its constituent individual (group) agents, namely local state leaders, in affecting regional economic dynamics through the exercise of formal and informal power, skills and practices.

The main purpose of this paper therefore is to examine the role of place leadership in the Chinese context, with a particular focus on how a political leader enacts leadership to refresh the institutional environment for local industrial dynamics. Certainly, this article is not intended to raise the importance of individuals solely. They are viewed, rather, as a starting point of research that can help to address *why* local state leadership is essential to China's regional development, and to explain *how* it triggers and enables institutionalization in practice. In doing so, the authors seek to advance the conceptual and empirical knowledge about place leadership by addressing the following research questions:

- What do Chinese local state leaders actually do concerning regional development?
- More specifically, in what ways do local state leaders manage to achieve industrial change?
- How and to what extent does their leadership play a role in affecting institutions for industrial change?
- What kind of leadership style do they enact in the process?

The remainder of the paper is organized as follows. The second section presents some conceptual building blocks on leadership, institutions and regional economic change. The third section contextualizes the notion of place leadership in China by addressing its main differences from the West. After a brief introduction of the case region and methodology in the fourth section, the fifth section illustrates how local state leadership in Zaozhuang (a prefectural city) played a role in institutional reform, which in

turn led to a remarkable change of the local industrial structure. Finally, the sixth section concludes.

INSTITUTIONS, LEADERSHIP AND REGIONAL ECONOMIC CHANGE

Most economic geographers see institutions as highly spatially embedded, performing in different forms and, hence, causing and maintaining the unevenness of economic development (Gertler, 2010). Some treat institutions as firm-based relational assets or untraded interdependencies, which enable spatially bounded tacit knowledge sharing, interactive learning and trust-based cooperation. Others rather emphasize the constraining role of institutions in regional economies by employing the evolutionary concepts of lock-in and path dependence to reinterpret the stagnation and decline of old industrial areas (Grabher, 1993; Hassink, 2010). These studies, however, tend to overlook the realm of institutional evolution itself. Moreover, they seem to over-emphasize the 'institutions to actors' downward causality. They ignore the upward process of institutionalization in which multi-actors are able to self-adapt and proactively interact in order to foster institutional change. There are, however, a few exceptions to this kind of studies, such as Bathelt (2013) on Bitterfeld-Wolfen in Germany and MacNeill and Steiner (2010) on Styria in Austria, who recognize and highlight the importance of individual human actors in restructuring regional economies in a Western context.

The present paper contributes to the latter line of research by incorporating place leadership. Collinge and Gibney (2010) argued that leadership is a relational phenomenon. It provides a channel to link micro-processes of individual interactions and institutionalization with macro-processes of institutional change and transformation (Sotarauta & Pulkkinen, 2011). Place leadership is a *group* action for the purpose of either achieving short-term tasks or developing leader–follower relationships for far-reaching dynamism. It is often characterized by both emergent and shared action, formal and informal processes/styles, as well as influenced by multilevel governance interaction between variegated types of agencies.

It should be emphasized here that place leadership is an open concept. Place leaders, such as mayors, are not naturally institutional entrepreneurs. In some conditions they can be regarded as institutional entrepreneurs, namely if they are intended to initiate divergent institutional changes, either to create new institutions or to transform existing ones, and actively participate in the implementations of these changes (Battilana, Leca, & Boxenbaum, 2009; DiMaggio, 1988). There are two influential conditions for institutional entrepreneurs, namely the actors' social position in hierarchical structures and field characteristics, such as regulatory changes, social upheaval or the degree of institutional heterogeneity (Battilana et al., 2009). In other words, institutional entrepreneurship is a particular form of agency that links micro-level strategic action to institutional change. And

such action requires and is affected by a specific place and context, achieved by a spatially embedded process of social engagement (Emirbayer & Mische, 1998). Therefore, place leadership in many aspects can be regarded as a place-based form of agency relevant to institutional entrepreneurship. Although the extent to which place leadership can be seen as institutional entrepreneurship is an empirical question (Sotarauta & Pulkkinen, 2011), it is expected that certain leadership styles are more prone to institutional entrepreneurship than others.

Based on the recent literature on place leadership, three of these leadership styles are proposed as the building blocks of the empirical part of this paper. First, *interpretive leadership* is an interactive and integrative process by which a leader uses skills and capabilities to affect existing actors' perceptions and mindsets. It reflects a building-up process of an entrepreneurial culture (Feldman, 2001) or new resources of social capital (Purdue, 2001), by the inspirational and entrepreneurial actions of pioneering leaders. These actions aim to renew actors' cognitions, inviting them into a new visionary context for future change. In this sense, this style of leadership, characterized by 'intention', 'reinterpretation' and 'action practice', hence, has strong relations to institutional entrepreneurship (Sotarauta, 2015). Secondly, *formal leadership* can be merely exercised by leaders who are endowed with positional and authorized power (Bass & Bass, 2008). In general, it is a top-down process oriented to quick/short-term goals and achievements. It seems to be widely agreed, at least in European regions, that formal leadership needs to be complemented by shared power and responsibility when it comes to effective institutional change (Brooks et al., 2016). It therefore has weaker or indirect relations to institutional entrepreneurship. However, the role of formal leadership in affecting institutions and economic development may be different in Asian contexts (Gibney, 2011). Thirdly, *network leadership* 'is an action, which directs all the operations and resources of the network to the desired direction' (Harmaakorpi & Niukkanen, 2007, p. 82). This leadership style should try to help interaction between different actors and institutions. In addition, it is closely related to an emergent, strategic and adaptive capability of leaders in a fast-changing context. And such capability should mobilize and collect multi-scalar resources, and align multiple actors with common goals for network-driving innovation (Sotarauta, 2010) and institutional entrepreneurship (Sotarauta & Pulkkinen, 2011).

Despite some differences between these styles of leadership, they can all be considered as 'leadership of context' (Schreiber & Carley, 2008), because the nature of place leadership, regardless of which style, is highly sensitive to the context. It is shaped by both the place-specific and macronational and supranational context. Putting place leadership into a non-Western context, and examining its differences from the existing accounts will, as Beer and Clower (2014) suggested, bring new insights into the theorizing of place leadership.

THE CONTEXT: WHY LOCAL STATE LEADERSHIP IN CHINA?

The institutional foundations of local state leadership

Much of the existing literature on China's regional development highlights the crucial role of national political leaders (Jones & Olken, 2005; Li, 2001). For example, the early industrialization in North-east China was designed and also empowered by Mao's pro-Soviet ideology, while the rapid economic growth of coastal regions is strongly tied to Deng's neoliberal policies (Fan & Sun, 2008). However, sub-national leaders now have emerged as key promoters for regional economic change. Bo Xilai, for example, marked as 'official with personality' (*gexing guanyuan*), has been much studied as a representative case to illuminate the logic of China's bottom-up institutionalization and gradualism reform (Fewsmith, 2013). He has raised much attention due to his socialism economic experimentalism in Chongqing, which has led to a regionally distinctive development model (Zhang & Peck, 2016). One may associate this phenomenon with the 'princelings' enjoying wide inherited political capital from their 'red' families. Grass-rooted cadres, however, have also shown powerful capabilities in local bureaucratic reforms and economic experimentations (Eaton & Kostka, 2013). It is argued here that these cases do not emerge by coincidence, but are systematic outcomes of Chinese-specific political arrangements and institutional settings. Two main institutional fundamentals can be identified that matter for local state leadership in the Chinese context. The first institutional fundamental is the sui generis version of decentralization, namely Chinese-style federalism (Montinola, Qian, & Weingast, 1995). This form of federalism ensures that each sub-national state is autonomous in its own sphere of authority. But such authority is highly limited to *the economy*, as the one-party political system and its legitimacy are mainly sustained by economic growth. It has been argued that China's economic success is mainly attributed to the dynamic role of local states under this 'market preserving federalism' system (Qian & Weingast, 1997). By emphasizing China's 'asymmetric decentralization' (Chien, 2007) or 'regionally decentralized authoritarian' (Xu, 2011), the Chinese form of decentralization is regarded as a combination of economic decentralization and political centralization of cadre control. It not only endows local officials with actual power to govern economic affairs within their jurisdictions but also mobilizes them to be economic 'innovators' and 'reformists' who can potentially reward a personal 'political bonus' according to their economic performance. More specifically, the cadre evaluation system (CES) under the Chinese Communist Party (CCP), as an integral part of political centralization, incentivizes local officials to compete in so-called inter-regional gross domestic product (GDP) 'tournaments' whose results strongly matter for the political future of officials (Li & Zhou, 2005; Zhou, 2007). Therefore, Chinese-style decentralization suggests that it is not simply the local

state but the officials from the local state who make good sense for regional development.

The second institutional fundamental refers to the system of trans-regional cadre rotation. This institution generates a particular cadre community, which has been widely labelled as 'airborne cadres'[2] by Chinese bureaucracy. Airborne cadres are highly dynamic government leaders of regions. They are supposed, but also incentivized, to perform better than his/her immediate predecessors in a fixed tenure (often five years), given the 'regional official's promotion championship' (Zhang & Gao, 2008). Moreover, the upper authorities expect them to try out novel initiatives in new locations, so that the CCP can test them for future political purposes. In a deeper view, the central state is attempting to realign incentives of local governments by systematically distributing airborne cadres to cope with regional problems, such as environmental deterioration, bureaucratic protectionism and regional inequality, partly caused by Chinese federalism. In this sense, China's cadre rotation can be an enabling institution for place leadership. It resembles a *relay* (Sotarauta & Mustikkamäki, 2012) in which new leaders are subject to new activity in new places by introducing different sets of visions and governances, but, more fundamentally, it constructs a dialectical relationship between local state leaders and regional economic dynamics, making the leadership and capacity of state leaders particularly essential.

Characterizing local state leadership in China

Based on China's distinct institutions, this paper thus proposes the notion of local state leadership as the Chinese form of place leadership. This notion sympathizes with the main points in the bulk of literature on the strong entrepreneurialism of the local state in China (Wu, 2003; Zhu, 2004). But, beyond that, it is extended with a people-oriented perspective and pays greater attention to human agency – the capability of local cadres. It is argued here that local state leadership is a contextualized *term* rather than another new concept because its implications and attributes in China substantially differ from what it stands for in the West (mainly North America and Western Europe).

First, in a democratic context, local state leaders generally consist of elected mayors, councillors and party leaders, etc. They represent heterogeneous interests due to multi-party and democratic systems. However, Chinese local leaders mainly refer to mayors or party secretaries at the sub-national government level, who are designated by the ruling CCP. They do not necessarily influence the general public, only being accountable to upper authorities that entrust power to them, resembling a top-down, formal leadership style. Secondly, democratic leaders aim at achieving distributed power by seeking for interest coherence in broader society. This may result in a diversified objective of leadership, ranging from political and social advancement to economic and environmental issues, while in China local state leadership appears to be strongly (economically) task oriented, with little concern about political reform and civic well-being. Thirdly, constitutionalism in

the West prevents local leaders from exercising power illegally, which is conducive to the formation of open, shared and collective leadership, showing some clear relations to interpretive and network leadership styles. But it may also cause less-effective leadership, potentially resulting in slow decision-making processes. In China's authoritarian context, on the contrary, local leaders enjoy a less-structured institutional framework. This allows them to adopt a mixture of formal and informal power so that target-oriented leadership can be effectively achieved (Tsai, 2006). Such a regime encourages leaders to behave flexibly and tentatively, leaving much room for local experimentations and, thus, adaptive leadership. While China's institutional advantages seem to be favourable to local state leadership, relevant in-depth empirical research has been scant. The following two sections explore how local state leadership functions and to what extent it impacts on institutions on the basis of an empirical investigation of the creation of the tourism industry in a less-favoured coal-mining region in China.

CASE SELECTION AND METHODOLOGY

Zaozhuang is a prefectural level city located in the south of Shandong province, with a population of 3.83 million. This region is not only famous for its long history (over a century) of being a coal-based economy, but is also widely known as a 'Hero City' of China. It was the site of 'the Battle of Taierzhuang', where China won the first major victory against Japan in the 2nd Sino-Japanese War. However, due to the single-industry structure, and the depletion of local coal resources since 2000, Zaozhuang's economy was confronted with many difficulties and often ranked at the bottom of growth rates in Shandong during the past decades. Surprisingly, since 2006, the region has exhibited a strong industrial revitalization in two pathways, namely the path creation of coal–chemical sectors (Hu, 2016) and the rise of the tourism industry. For instance, between 2005 and 2011, the revenue of the tourism industry soared from US$372 million to US$1816 million, with a remarkable annual growth rate of 25.4% (ZSB, 2012). In particular, after rebuilding Taierzhuang as an ancient tourism town by the local state in 2009, this industry has become a significant new growth path for the local economy. The tourism industry coupled with rising service sectors created over 100,000 new jobs, which contributed to a successful re-employment of a large part of the laid-off workers from the coal industry (*China Daily*, 2012). This eye-catching transition is labelled as 'Zaozhuang practice', being widely broadcast over the country by the media in recent years. Although part of the success can be explained by the national policy programme of 'Transforming Recourse-exhausted Cities', which exempts Zaozhuang from transferring its local tax to upper-level states, the focus of the media was often on the dynamic role of the mayor, Mr Chen Wei. Between 2008 and 2012, several articles were published on Mayor Chen in relationship to Zaozhuang's emerging tourism activities in key Chinese media, such as *China Daily* (*zhongguo ribao*, April 5,

2012), Wenweipo (*wen hui bao*, March 7, 2008) and *People's Daily* (*ren min ri bao*, March 13, 2009). These newspaper accounts, indeed, not only enabled the authors to identify Zaozhuang as an ideal case for research, but also guided the design of grounded questions for the fieldwork. Although Chen was suddenly removed from his post early in 2015, there has been no clear evidence so far showing that his removal was because of his performance on economic development, but, certainly, related to Xi Jinping's nationwide anti-corruption movement.

The empirical study is based on in-depth semistructured interviews with firms, authorities and universities. Moreover, secondary data were collected from statistical yearbooks, government reports, policy documents and newspaper sources. The fieldwork was conducted in March and April 2013, and was officially supported by the National Planning Project 'Sustainable Development Planning of Resource-exhausted Cities' (2013–20). This support, mediated by several senior academics in the Chinese Academy of Sciences, a national scientific think-tank, helped the authors forge trustful relations (*guanxi*) with local authorities. However, this support neither involved a structured research guideline nor a top-down mission in which the local authorities were fully in charge of all detailed fieldwork events. The local authorities were only responsible for communication, whereas the researchers truly enjoyed freedom to select interviewees and decide about the interview style, interview time and location. Most interviews lasted about two hours and were held with 37 informants in 25 organizations (including 11 coal state-owned enterprises (SOEs) and one tourism SOE, 10 government authorities and three vocational colleges). The authors realize here that due to the top-down introduction as well as the authoritarian, non-democratic system, interview results might be biased. Critical non-governmental organizations have no voice and could, hence, not be interviewed. To minimize potential biases such as flattering comments about the leader, the interviews were deliberately operated in line with two principles. First, the authors formally required the interviewees to provide story-based examples in detail when it came to Chen's actions. Second, interviewees were asked to emphasize 'how' rather than 'what' the mayor did for the tourism industry. In addition, in order to ensure data quality and reliability, eight interviews were conducted outside of the government system with retired officials, citizens and private firms.

EMPIRICAL ANALYSIS: LOCAL STATE LEADERSHIP FOR INDUSTRIAL CHANGE

Given the long-term over-specialization on the coal industry, there have been much difficulties and resistance against new industry formation in Zaozhuang in the past. By 2006, policy-makers still lacked visions and also motives to break the existing industrial structure. In late 2006, when Chen became mayor, the local economy began to undergo a striking shift towards tourism. This process is closely aligned with the contribution of three interrelated styles of leadership enacted mainly by the mayor, namely interpretive leadership, formal leadership and network leadership (which were introduced above).

Interpretive leadership: bringing a shared vision for local development

Unlike other airborne cadres who are more likely to enquire about local conditions from experienced subordinates, Chen rather preferred to do this on his own. As the Deputy Director of the Prefectural City Office put it, 'he visited nearly every town, and interviewed about a hundred firms'. Perhaps one may link his novel behaviour to the Chinese bureaucratic convention, namely 'new cadres, new laws'.[3] Evidence, however, shows that it cannot simply be applied to Chen because he pursues 'long-perspective' and 'far-reaching' benefits rather than 'statutory' and 'contractual' interests (Gibney et al., 2009). For example, he rejected Taierzhuang's largest-ever housing inward investment project in early 2007. Almost all local officials were enthusiastic about this project as it could have been an opportunity to reconstruct the urban shantytowns, and increase local government revenues. Chen, by contrast, declined it by emphasizing the need of reserving 'the unique and invaluable historical assets of Taierzhuang that have once been destroyed can never come again into being' (interview with Taierzhuang Development and Reform Commission). In this context, fierce tensions emerged within the local state. Coping with such tensions is essential to new leaders, as it matters for the efficiency of the whole local governance in the next few years. It requires the ability of new leaders to convince their subordinates to accept new ideas, and beyond that, to inspire them to become followers.

In doing so, the mayor first engaged local officials with an in-depth investigation to explore *what* unique advantages the region has. A mayor-led workforce was initiated in order to explore place-based historical legacies (e.g., the war history). This work, which lasted for nearly two years, raised local officials' awareness of protecting intangible heritages. Moreover, it enabled them to realize that latent, uncommitted and place-specific assets can be exploited properly for economic use.

Secondly, the 'a tank of fuel' concept was introduced by Chen to explain *why* tourism needs to be cultivated. In this concept, Chen compared Zaozhuang's economy with a driving car, and stated:

> in the past, it only focused on the pursuit of speed, regardless of how much fuel it costs; now, there is only one tank of fuel left due to local coal exhaustion, impelling us to change the way of driving and foster low-energy-costing sectors.
> (Government Annual Report, 2008, authors' translation)

Based on this concept, Chen convinced five local coal SOEs to contribute directly to the rebuilding strategy of Taierzhuang as a tourism destination. One interviewed manager from a coal SOE praised his leadership ability in engaging people into the new agenda:

> Unlike other airborne cadres who might just give a fuzzy vision or direct orders, Chen offered a sound vision with understandable and reciprocal concerns. He chose the right time (when China's coal price was at a high point and thus coal firms gained sizeable profits), for instance, to lobby with us, by asking each coal SOE to contribute 10-ton coal instead of money. As such, we of course followed his new plan.

Thirdly, Chen proposed a well-defined roadmap for industrial restructuring – 'One Target, Three Pathways'. It systematically clarifies *how* the local industrial system can be transformed through three interrelated pathways: (1) improve urban infrastructures, (2) promote coal–chemical industries and (3) cultivate tourism. The leader further rationalized this idea in a more easy-to-understand setting, that is:

> the first way answers why investors come here; the second resolves how to increase local government revenues (by investment) and, the last guides where people (laid-off workers) can be reemployed. These pathways bear a reciprocal relationship that will generate a positive step-by-step mechanism leading to industrial change.
> (interview with the Secretary of Mayor)

Through this 'visualization' process of solutions (Stimson et al., 2009), the concepts were accepted by most local cadres, and eventually turned into a core formal policy guideline over the next five years (ZBS, 2012).

To be clear, the evidence above demonstrates how the mayor exercised interpretive leadership to influence local elites in an attempt to create a new and shared local governance climate for industrial change. This leadership emerged from the mayor's ability to read, analyze and translate the local context. It is consciously constructed by the leader's place-grounded investigation, more precisely, by a process in which the leader as an 'airborne cadre' became deeply embedded into the local context. Moreover, the mayor not only just cast a new vision but also a vision with meanings and feasibility. His actions centred on inspiring others to view the existing context differently and engaging them with a shared belief for a new task/aim. While interpretive leadership here may, to some extent, be associated with Chen's personal charisma, it cannot be equated with charismatic leadership. The former involves developing followership involving institutional adaptation and entrepreneurship for a new and well-defined mission. The latter, however, refers to creating an attractive self-image of leaders, lacking an interaction with potential followers (Bass & Bass, 2008).

In summary, the evidence presented here shows that even in an authoritarian context interpretive leadership is still essential, particularly to airborne cadres who are not locally rooted. Interpretive leadership requires an embedded agency that can effectively impact local institutions, especially informal institutions, such as cultural–cognitive norms and traditions. In Zaozhuang, the previous mining-based governance values and policy orientations were changed by interpretive leadership. This leadership style involves a time-consuming 'reinterpretation' process. Such a process, fuelled by a continuous intention, social practice and context engagement, plays a key role in realigning people with 'a new vocabulary and a new way of seeing things' (Sotarauta & Mustikkamäki, 2014, p. 3). It can contribute to a new agreement among local stakeholders, which is highly essential for institutional entrepreneurship.

Formal leadership: reshaping governmental institutions by power and authority

Despite a visionary consensus within the local state for developing the tourism industry, there were several obstacles to put the ideas into action. The main obstacle was that 'as a mining region it fundamentally lacks tourism facilities, competences and institutions. For instance, there was no authority related to tourism until 2009' (interview with Zaozhuang Tourism and Service Commission). To overcome the 'institutional absence' for new industry formation, the mayor utilized formal leadership with two types of power, namely legitimate authority and coercive power.

First, legitimate authority was enacted to foster new organizational tissues for tourism development. This authority does not refer to arbitrary decision-making, but to administrative measures and policy initiatives. In 2009, just after Taierzhuang ancient town was rebuilt, Chen issued a series of tailor-made policy initiatives for tourism development, of which one core aim was to set up a special government agency for tourism. These formal policies triggered a reallocation of governmental resources and subsequent organizational innovation. For instance, by merging two sub-prefectural previously independent agencies, the local state established a unique prefectural-level authority: the Zaozhuang Tourism and Service Industry Commission. Besides, all local state sponsored vocational colleges were instrumented by Chen's administrate power to introduce tourism-related training programmes. In line with the 'one target, three pathways' strategy, and upon the administrative instructions of the mayor, 'those programs were free of charge for young locals who are from mining families' (interview with the Vice Chancellor of Zaozhuang Vocational College).

Moreover, formal authority was also enacted to change the 'soft' institution, namely the local cadre evaluation system (CES). In 2008, new criteria were incorporated into Zaozhuang's CES. This triggered a critical ideological shift among local officials, away from the prevailing GDP-ism to the socio-economic 'green' transition-ism. Although CESs are in principle difficult to be revised locally without approval from upper states, the mayor in Zaozhuang managed to update a new CES and put it into effect. This 'doing before approving' example shows that the leader had a clear awareness of what institutions are most critical to the action of local officials, and how to strategically legitimize institutions and turn them into a momentum for industrial change. As the Director of the Zaozhuang Development and Reform Commission put it:

The need of changing the local CES was emphasized repeatedly by Mayor Chen, he clarified that CES is the 'code of conduct'. It thus must be redesigned so that our way of doing things can be changed. And he also realized that new rules in the CES must be legalized so that local cadres would take them seriously and work in line with them in practice.

Secondly, coercive power was employed in an attempt to give local state agencies and SOEs compulsory tasks. To expand new markets for tourism, the mayor released an initiative within the state, namely the 'Zaozhuang Two-day Trip'. This measure urged local authorities to meet fixed, compulsory quota of attracting overnight *government personnel* as tourists from their *duikou* authorities (persons within the same vertical administrative system) elsewhere. One of the interviewed officials provided a good example: 'All of the 59 prefectural-level governmental units, I mean, even the family planning commission, had to carry out the Zaozhuang Two-day Trip. For example, we received an assigned quota of 2,500 tourists per year.' Driven by this coercive initiative, about 1.5 million state-affiliated tourists from all over China were attracted between 2009 and 2011 (ZSB, 2012) in a planned way, giving an explicit push to the expansion of related service sectors in the region, such as catering, hospitality and tour-guide businesses.

To be clear, it is suggested that formal leadership in Zaozhuang has made a great contribution to the early development of tourism institutions and markets. By using formal and coercive power strategically, the mining-concentrated public resources were redistributed and new elements and rules were added to the previous GDP-centric incentive system for local officials. The mayor took advantage of his 'positional', 'legitimate' and 'authorized' power to ingeniously construct a desired institutional niche (namely a renewed cadre incentive and evaluation system) focusing on tourism-led green development, without harming the broader 'economy-oriented' institutional framework. This illustrates that institutions in Chinese local states are not static, but rather highly dynamic and adaptive when meeting capable local state leaders. Certainly, formal leadership here does not merely refer to the leader's capability giving mandate to his subordinates. It also embraces incentive-introducing tactics that aim to reshape 'core' institutions framing the behaviour of each local official. Formal leadership can thus be understood as an important *source* for institutional entrepreneurship, and Chinese local state leaders can be effective *coordinators* in adapting existing institutional frameworks in order to better serve new economic tasks.

Network leadership: creating a broader facilitative environment

Although the tourism market was initiated by formal leadership, this state-sponsored model did not prove to be sustainable. Overloading local officials with compulsory tasks undermined the efficiency of local governance as a whole, and the 'planned' model was not favoured by the central state in a transitional context. Since early 2012,

Chen therefore started to lighten government control and allowed the market to play a predominant role in promoting tourism. However, this did not mean the local state adopted a laissez-faire policy, 'because the coal-mining region itself was not able to generate a stable and sustainable tourist market' (interview with the Director of the Prefectural City Office). The present authors' observations show that with the help of powerful network leadership the local state coupled local tourism resources with broader national programmes.

A key example is the strategic action of the leader in response to the emerging 'high-speed railway economy' (*gaotie jingji*). Before the Shanghai–Beijing high-speed railway was operated in 2011, Chen had been aware of the opportunity to establish a high-speed station close to Taierzhuang's tourism area. He implemented an advertising initiative to draw wider attention from the public to the improved accessibility, so that the scale of tourism markets could be expanded. Soon, Taierzhuang tourism advertising appeared in all high-speed railway stations along the Shanghai–Beijing line. Furthermore, since 2012, the rapid growth of the tourism industry in Zaozhuang has been receiving extraordinary coverage by Chinese media, particularly by the country's most influential television station, namely China Central Television (CCTV). Most coverage involved interviews with the mayor, who was keen to share his experiences in boosting the tourism economy from scratch in this less-favoured region. These mayor-involved activities contributed to both regional image rebuilding and creating an enabling external environment for local tourism development. This network leadership, empowered by the mayor, emerged from a strategic leader-context interaction, which in a way reshaped the context itself.

Moreover, this can be illuminated by another relevant example. Given the fact that Taierzhuang is the place where the Kuomintang (the ruling party in Taiwan at that time) army triumphed over the Japanese in 1938, in the mayor's view the place per se could be exploited to improve political relationships with Taiwan. The local state thus took Chen's viewpoints as a rationale for engaging both Taiwanese politicians and investors into the local tourism industry. This eventually contributed to China's first official Mainland–Taiwan 'cultural'-based agency, which has helped to attract many Taiwanese tourists (50,000 per year) and entrepreneurs to Zaozhuang (interview with the Director of Taierzhuang Cross-strait Culture Exchange Base).

These examples demonstrate the mayor's strong, strategy-oriented network leadership, which took advantage of multi-scalar contexts to support the growth of a new industry. This style of leadership was formed by a process of public marketing and regional branding in which the mayor himself actively participated. It helped to build important channels for extra-local resource inflow and mobility, but also turned external stimulants into a local development momentum. Moreover, this leadership reshaped the focus of government aims and tasks for tourism, motivating local stakeholders to be sensitive to 'outside' and to take advantage of boarder contextual opportunities for local use. Combined with formal power and authority, it also

enabled the formation of new organizations and policies to fit for changing contexts, being a clear sign of institutional entrepreneurship.

CONCLUSIONS

This paper contributes to recent advances in understanding the interactive processes between leadership, institutions and industrial restructuring at the regional level. It argues that place leadership does not produce immediate effects on local industrial dynamics, but rather through influencing and shaping institutions as 'mediators' of economic practice and interaction (Bathelt & Glückler, 2013). Moreover, the authors acknowledge that both internal and external institutional contexts, such as national institutions and strategies, matter for place leadership. The article moves beyond the mainstream accounts of place leadership in democracies by investigating an in-depth case study in a non-Western, authoritarian context. Given the lack of civic engagement in China, place leadership is rarely enacted by citizens, communities and other non-state groups. It is rather strongly contingent on the local state and political leaders. Following this reality, the notion of *local state leadership* is proposed as a specific Chinese form of place leadership. Differing from the Western context, it emphasizes Chinese local cadres as key initiators, promoters and entrepreneurs in institutional change for new economic tasks. It is argued that this notion should be treated as fundamental to analyze and explain the driving forces of local institutionalization and experimentation and its upward causation in China.

This empirical study adopts the notion of local state leadership in a typical coal-mining region in China. It explored how it changed the multi-scalar institutional environment that facilitated the new path creation of the tourism industry. From 2006 to early 2015 the newly appointed mayor played a key role in reinventing local governance structures and creating broader enabling institutions by exercising *interpretive*, *formal* and *network* leadership. Despite the authoritarian context, *interpretive* leadership is critically needed for those leaders who are not locally embedded. It can induce an important process of 'defection' and 'reinterpretation', which helps to build mutual trust and to shift to new and shared visions 'from below' (Hall & Thelen, 2009). Moreover, interpretive leadership provided a sound basis for the highly efficient exercise of *formal* leadership. In the framework of this formal leadership, both authorized and coercive powers were purposely used to revise existing structures of governance and to devise new regulations for tourism. The third style, *network* leadership, is associated with multi-scalar contextual opportunities. By responding to changes in the macro context, the mayor initiated new institutions and policies geared towards local development issues. These three styles of leadership found in Zaozhuang can all be characterized by human agent-based relational action, confirming the argument that leadership is about relational agency (Collinge & Gibney, 2010) and can lead to institutional entrepreneurship (Sotarauta & Pulkkinen, 2011).

Furthermore, the evidence presented here proves that local economic development in an authoritarian context is, in contrast to what would be expected, not solely driven by formal leadership but also by interpretive and network leadership. Therefore, the authors are critical of the claims that place leadership in non-democratic countries is less effective due to a too strong emphasis on formal power and authority (Parkinson et al., 2012). Rather, the case shows that effective and shared place leadership can be found in the Chinese context of political authoritarianism and economic reformism. On the one hand, Chinese local state leaders do enjoy 'positional' power to reshape decision-making processes and restructure governance settings for supporting certain new economies. On the other hand, the national transitional context (particularly since 2005) provides legitimacy and room for local state leaders to enact adaptive, informal, emergent leadership. It allows local state leaders to operate outside the existing institutional box, particularly the conventional GDP-centric institutional establishments. In this sense, Chinese place leadership can be constructive for economic transformation and sustainability, albeit under the control of the CCP and without the participation of critical voices (Florini, Lai, & Tan, 2012). Hence, the authors think that the dichotomy between 'effective place leadership in democratic countries' and 'less-effective place leadership in non-democratic counties' needs to be further clarified via additional empirical studies in non-democratic contexts (Parkinson et al., 2012).

Finally, the authors consider the role of newly appointed local political leaders, particularly 'airborne cadres', in creating new institutional spaces for economic change as a promising topic for future research. Even though the rotation of local cadres may contribute to inter-regional policy borrowing and institutional imitation, regional economic trajectories still remain highly uneven due to the heterogeneity of place-specific histories, resources, as well as broader local–central political nexuses. Place leadership does not only matter for place and human actors 'over there', but it can also both shape and be shaped by the broader social and institutional context. Since there are more varieties of place leadership in China than were able to be shown in this paper, further examination on the differentiation of leadership mechanisms and qualities between regions in China is highly needed. It would contribute to a better understanding of uneven economic geographies in terms of processes and intrinsic logics. Moreover, a plea is also made here for more cross-national comparative studies of place leadership to be conducted, particularly within Asia where both authoritarian and democratic nations exist and the governance and institutional practices of/for regional economies strongly differ. In doing so, one will be better able to answer the more fundamental question of why some regions can generate effective leadership while others cannot.

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NOTES

1.   The Chinese governance system has five levels, including national, provincial, prefecture, county and township (Organisation for Economic Co-operation and Development (OECD), 2015).
2.   The term 'airborne cadres', known as '*kongjiang ganbu*' in Chinese, is widespread slang in Chinese local bureaucracies. They are basically top leaders of prefectural or provincial governments (leaders in county and township governments are mostly locals). Their positions are not locally elected and rooted, but instead are appointed by upper authorities for a fixed period.
3.   This convention, known as '*xinguan shangren san bahuo*' in Chinese, has its solid cultural and historical roots relating to China's imperial civil examination system. It means that newly appointed local leaders are subject to new governance or task so as to solidify their positions of leadership.

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