

# Regional economic resilience and agency

Heli Kurikka

Researcher, L.phil.

Tampere University – Urban and Regional Studies group Sente

# Background

## Why this subject?

- Doctoral thesis
  - **Observation:** Some Finnish regions had high employment rate and the drop in employment was small in the recession (e.g. South Ostrobothnia). These regions were often low in GDP/capita.
  - Resilience gained growing interest in regional studies along with the 2008 economic crisis (e.g. Martin 2012)
- Factors behind regional economic resilience must be different than the factors behind competitiveness and high economic performance

# Research questions

- **Goal is to define what regional economic resilience is and how it can be utilised in the context of regional development**
- Research questions:
  1. **How resilient have the Finnish regions been in the latest recessions and what is the nature of the resilience?**
  2. **What are the explaining factors behind regional economic resilience?**
    - Structural factors
    - Agency based factors
  3. **What kind of policies can support developing regional economic resilience?**
    - How do these resilience policies relate to policies developing regional competitiveness?
  4. **The resilience of what (or who) to what?** (Big companies, SMEs, communities? Against general economic shocks, sudden local shocks, slow changes etc.)
- I am planning an article on agency behind regional economic resilience. Data (quantitative and interviews) comes from the ReGrow –project.

## Theoretical approaches on resilience and agency

1. Regional economic resilience
2. Agency
3. Social capital

# Regional economic resilience – definition and framework

- **Resilience:** *“The ability of a substance or object to spring back into shape, elasticity. The capacity to recover quickly from difficulties, toughness.”* (Oxford Dictionary of English 2010:1512).
- **Regional economic resilience:** *“the capacity of a regional or local economy to withstand, recover from and reorganise in the face of market, competitive and environmental shocks to its developmental growth path”* (Bristow & Healy 2018)
- Approaches on resilience (Davoudi 2012:300-303, Martin 2012:10)
  - **Engineering resilience:** The ability of a system to resist and bounce-back to a pre-shock state or equilibrium (physical sciences)
  - **Ecological resilience:** The ability of a system to absorb disruption before it is de-stabilized and moved to another stable state or configuration (ecological sciences)
  - **Evolutionary resilience, Adaptive resilience:** The ability of a system to undergo anticipatory or reactionary reorganization to minimize impact of a destabilizing shock. Focus is on adaptive capability, stable states of a system are considered nonexistent.
- **Framework for Evolutionary / adaptive resilience** (Bristow & Healy 2018)
  - **Evolutionary economic geography (EEG):** non-equilibrium, constant evolution, path-dependency
  - **Complex adaptive systems (CAS):** self-organizing, complex, non-linear

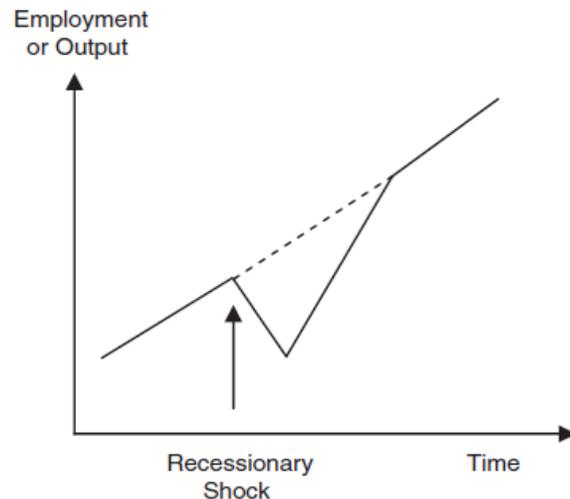
# Measuring regional economic resilience

## A) RESILIENCE OUTCOMES (What kind of reaction?)

- Measuring actual performance in shock situations
- Usually measured by changes in GDP and/or employment
- Four dimensions: Resistance (drop depth), recovery (time), renewal (changes in growth path) re-orientation (adaptation of economic structures)
- (Sensier ym. 2016: 7, 20 & Martin 2012)

## B) RESILIENCE CAPACITIES (Why?)

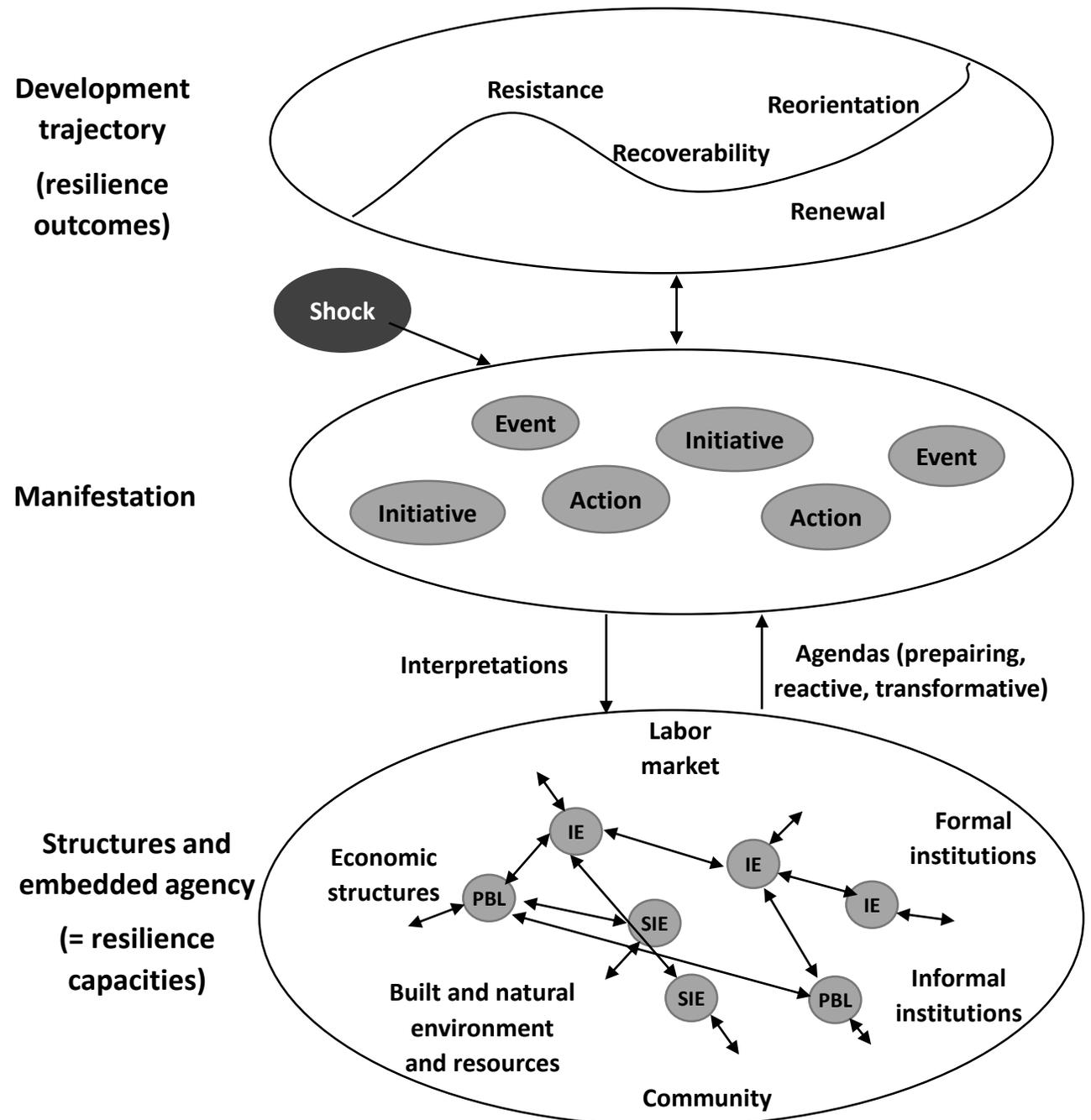
- Assets behind regional economic resilience



Martin 2012: 6

# Analytical layers of regional economic resilience

- E.g. Bristow & Healy 2014, Martin & Sunley 2015, Grillitch & Sotarauta 2018



# Agency

- **Agency** refers to **action or intervention to produce a particular effect**. It is a temporally embedded process of social engagement, informed by the past but also oriented toward the future as well the present capacity to interpret past habits and future projects within institutional arrangements of the moment (Emirbayer & Mische 1998)
- Most studies of regional economic resilience have studied resilience on system level. Role of agency is increasingly gaining attention. (Bristow & Healy 2014)

- Bristow and Healy (2014) have argued that to understand how agency generates resilience we must study:
  1. Individual and community behaviour in crisis
  2. Collective agency (how actors in the region are organised)
  3. Agendas
- Davies (2018) has adopted Bristow & Healy's framework in her empirical study of Södertälje and Lund facing closure of significant employer. Key findings were:
  - Resilience is constructed by non-state actors in a networked region
  - Region with less interactions relies more on state intervention
  - Interactions are related to how a region is organized and its institutional context
  - Agendas are important in two ways: 1) they help actors to align their interests and form coalitions 2) they help to allocate resources but simultaneously reveal conflicts

# Types of change agency

- Trinity of Change Agency: three types of agency that are essential for regional industrial change (Sotarauta & Grillitch 2018)
  1. **Place leaders** (place based leadership, PBL) mobilise collective resources in support of new opportunities
  2. **Schumpeterian innovative entrepreneurs** (SIE) combine knowledge and resources in novel ways. They aim to change industries through path-breaking innovations, and consequently, technologies, networks, and institutions.
  3. **Institutional entrepreneurs** (IE) work to change regulations, normative expectations and/or social filters framing the thinking of other actors as well as network constellations.

# Key activities of agency

Battilana (2009) How actors change institutions:

- Enabling conditions
  - Field-level conditions: e.g. Crisis create space for new ideas, degree of heterogeneity and institutionalisation
  - Actors' social position
- Key activities (of institutional entrepreneurs) to initiate and implement change:
  1. **Creating a vision** (diagnostic framing, prognostic framing and motivational framing)
  2. **Mobilizing** people to gain others' support and acceptance (use of discourse, mobilization of resources by formal authority and use of social capital)
  3. **Motivating others** to achieve and sustain the vision

Sotarauta (2016) about generative leadership:

- Phases of in generative leadership relay: **seeds of change** (identified need for change), **collective belief-formation, mobilisation, launch of activity and institutionalization.**
- Four forms of power that generative leaders use to create change: **institutional, interpretive, resource and network power**

- Because agency is always embedded it is impossible to study it distinct from the regional context.
- Putnam (1993) argued that social capital was a key element in regional development
  - Components: Networks, norms, trust
- Some see social capital as a capacity of an individual (Burt 1992) and some (Putnam 1993, 2000; Coleman 1988) see it as a public resource
- Two kinds of social capital: **Bonding** with those inside the group or **bridging** outside connections
- Boschma & Antonietti (2018): Social capital is important for regions to **bounce back** after an economic crisis.
  - **Bridging social capital** had a **positive effect** of entry of new industries in **times of growth**, but it had **no effect** on entries during the **crisis** period. **Bonding social capital** had also **no effect on entry** during the **crisis**.
  - **Social capital has no effect on new industry entries in a period of crisis.**
  - **During the crisis, bonding**, not bridging social capital, appears to make regions **resilient, by reducing the probability of industry exits**
  - Bridging social capital loses its supportive role during the crisis period.
  - **Variable for the bonding social capital:** the number of families having lunch at least once per week and with relatives and close friends and the number of young adults who live with their parents. The former is used as a proxy for the frequency of interactions, while the latter should capture the social proximity among individuals
  - **Variable for bridging social capital:** number of blood donations per 1,000 inhabitants and the number of voluntary associations per km<sup>2</sup>
- **There is a need for more qualitative approach to capture social capital as a determinant of regional economic resilience**

## Empirical evidence

1. Published
2. Ongoing – ReGrow project

# Published

- "Constructing Regional Resilience in times of Knowledge Economy Crisis – The case of the Nokia-led ICT Industry"
- Kurikka, H., Kolehmainen, J. & Sotarauta M.
- In a book: "Universities and Regional Economic Development – Engaging with the Periphery" (Ed. P. Benneworth, 2019)
- **What did we study?** – Rise, downhill and new rise of the Tampere ICT cluster (Nokia, Microsoft) and the effect of universities to the constructed resilience
- **What did we find out?** – Universities had a central role in the ICT cluster path creation. They also played an important part in the ICT clusters transformation by complementary training and research co-operation. But they are also partially responsible of the creation of the "lock-in" situation because of their overly tight Nokia relationship.

## Ongoing - ReGrow project

- ReGrow is about explaining ”**regional growth** against all the odds”. Research regions are statistical outliers with exceptionally high/low growth (number of jobs) in certain time periods after considering the structural effects. Four selected regions from Finland.
    - Outliers are **also relevant from the resilience point of view**. All the selected regions have experienced something exceptional
      - Positive or negative (or both)
      - Endogenous or exogenous
  - In depth case studies
    - Desktop study (documents, reports, news)
    - Interviews of key people and organisations: key events and actors, main phases/critical junctures, enablers/obstacles and agency behind regional development trajectories
- I will study ReGrow data from the perspective of resilience



## Pietarsaari – success not explained by quantitative structural factors

- Employment growth in 2012-2015 not explained by the regression model
  - **Characteristics:** ca. 50 000 people (small growth or quite stable), versatile industrial mix, growing middle-sized companies, family ownership, export orientation, industrial jobs, Swedish speaking, entrepreneurship, immigrants
  - **Challenges:** low level of education, no own HEI's, young people moving away
  - **Achievements:** last recession did not cause much of an effect in the region=resilience, many successful infrastructure projects, largest bio-fueled power plant in the world, industrial park development etc.
  - **Agency**
    - Strong networks inside the region: close co-operation networks (personal relationships) between companies (Swedish-speaking sub-culture and social networks)
    - Strong networks globally: export-orientation and international thinking (national level less important)
    - Community responsibility: taking care of our own
    - Companies take a leading role in development and lobbying (also institutional entrepreneurship and place leadership)
    - Cross-generational thinking: companies are not led by quartile economy's principles. Motivation is to assure the possibility to live in the Swedish speaking home region by creating jobs to the family (next generations) and the region.
- **Strong social capital: bridging and bonding**
- **“Local club, international hub”**
- **“Success of my neighbors is good for us all”**

Thank You!

**Contact information:**

Heli Kurikka

Tampere University, Faculty of Management and Business,  
Research Group Sente, Seinäjoki University Consortium

Tel. +358 50 318 7521

Email: [heli.kurikka@tuni.fi](mailto:heli.kurikka@tuni.fi)