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**LEADERSHIP IN PROMOTION OF
REGIONAL DEVELOPMENT**

**An Empirical Analysis of Power and Influence Tactics
in the Finnish Regional Development Activity**

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Leadership in Promotion of Regional Development

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Markku Sotarauta

Abstract

It is always easier to find out the elements of success and/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. True leadership is becoming more and more important and hence there seems to be a need to direct attention also towards studying power and competences needed in promotion of economic development of regions. When aiming to bring human agency back to regional development studies, one way to do it is to ask how people engaged in promotion of regional development actually influence complex processes and networks, how they influence other actors and what kind of power they have. It might also provide us with additional analytical leverage if we understood better the consequences of the choices made and the actions taken by powerful individuals and core coalitions formed by them.

The research questions discussed here are: a) what kind of sources of power are used by regional development officers; and b) how regional development officers aim to influence the course of events? The empirical research is based on data gathered a) through 41 interviews of Finnish actors responsible for the promotion of economic development in city governments, technology centres, regional development agencies, and ministries and other national bodies, and b) through internet survey of development officers at local, regional and national levels (531 respondents, response rate 51.8 %). The survey was designed to solicit information about power, influence tactics and competences in the context of regional development. In addition various bottlenecks in the daily work were probed.

The empirical analysis shows, for example, how interpretive power and network power are more important for regional development officers than institutional and resource power, and how indirect influence tactics surpass the direct ones.

1 INTRODUCTION

In the 1990s, such concepts as partnership, network, regional innovation systems, learning region, clusters, etc., entered forcefully the regional development scenes. They all reflect, in one way or another, the basic assumptions of the contemporary research agenda that in the knowledge economy, the creation of a local high-level knowledge pool with strong internal links and pipelines to global knowledge sources is the core (Bathelt et al. 2004), proximity is to be scrutinised (Boschma 2005), and synergies ought to be found (Sotarauta & Kosonen 2004). The aim therefore often is to cultivate some specific differentiated and locally rooted knowledge pool and to foster links between academia, industry and the public sector. These studies have concentrated, among other targets of attention, on various forms of institutions, both organizational and non-organizational, and their roles in regional development. The line of research, however, has tended to neglect agency, as famously criticized by Markussen (1999). Particularly human agency, the individual level of analysis, has

remained in the shadows. For some time now, I have been wondering where all the people have gone from our flourishing field of study. I find such neglect of the role of individuals perplexing because it is these very same individuals, who reproduce, transform or create institutions, or who are constraint by the institutions when aiming to make a difference in their respective regions.

In my view, we should pay more attention to those agents, organizations and/or individuals who play transformational roles in institutional change. Earlier studies have already highlighted the role of influential individuals and coalitions formed by them without explicitly focusing on human agency in general but rather on policy networks or policy processes (see e.g. Judd & Parkinson 1990, Bruun 2002, Linnamaa 2002, Sotarauta & Kosonen 2004). Human agency refers to individuals' ability to intentionally pursue their interests and to have some effect on the social world, altering the rules or the distribution of resources (Scott 2001), and here the concept of leadership may provide for us a promising way to better understand endogenous processes of institutional change in regional development. The core motive to study leadership is to bring human agency back to regional development studies.

It is worth noticing at the very outset that the relationship between influential individuals and institutions are reciprocal. Individual actors shape their institutional environment but at the same time they are shaped by the institutions. They co-evolve. We are hence dealing with embedded agency (see Battilana 2006) and hence we need to be aware of the fact that we are talking about actors who aim to change those very same institutions that constrain their activities.

The aim of many regions to consciously free themselves from the past path and to branch out by renewing institutions for future success seems fairly difficult to implement in practice. The nastiest question in these kinds of efforts often is not *what* should be done but *how* to do it all - how a fragmented bunch of actors, resources, competences, ideas and visions can be pulled together, how people can be mobilized, how a new perception about the region and its futures can be created for needed changes – who and/or what organizations are capable and respected enough to do it. 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. And yes, human agency, leadership more specifically, is a black box in regional development studies. We indeed need a better understanding on agency and one way among many others is to study what actors do to change institutions. Our earlier studies show that people who aim to change institutions aim to influence other actors who actually have the power and resources to make a difference. People who can “see the entire playing field” and make sense of many complementing and conflicting issues, instruments and actors simultaneously are of importance.

In this paper, I focus on those people whose job it is to promote economic development in their respective regions. As I show later, I cannot say if they truly are leaders by definition and therefore I refer to them simply as regional development officers (RDO). They are people who work for regional development in the Finnish local government (municipalities are active in developing themselves either alone or in co-operation with neighbouring municipalities), Regional Councils (local government agency at the regional level), Employment and Economic Development Centres (state agency at the regional level), technology centres, Centre of Expertise Programmes and the

Ministry of the Interior (responsible for regional development at the national level). Therefore, strictly speaking, this paper is not a study on leadership but a study on how regional development officers aim to influence the other actors, and hence the course of events – this is a study about people who need to take a leadership position in their work to produce results. More specifically this paper is about the ways in which people engaged in promotion of regional development use power and influence other actors.

The research questions discussed here are: a) what kind of power is used by regional development officers; and b) how do regional development officers aim to influence the course of events? The empirical research is based on data gathered a) through 41 interviews with Finnish actors responsible for the promotion of regional development at different levels in above-mentioned organizations, and b) through an internet survey of development officers at local, regional and national levels (531 respondents, response rate 51.8%). The survey was designed to solicit information about power and influence tactics in the context of regional development. In addition, competences needed in the development work and various bottlenecks in the daily work were probed, but they are not discussed in this paper.

TABLE 1. Response rate by organization types

	<i>Sent</i>	<i>Received</i>	<i>Share of all respondents (%)</i>	<i>Responses %</i>
Regional Councils	197	113	21.3	57.4
Employment and Economic Development Centres	123	53	10.0	43.1
Tech. centres / Reps. of Centre of Exp. Programmes	219	69	13.0	31.5
Local development agencies (incl. municipalities)	422	256	48.2	60.7
National actors	65	28	5.3	43.1
Others		12	2.3	
	<i>1026</i>	<i>531</i>	100.0	51.8

2 LEADERSHIP IN THE CONTEXT OF REGIONAL DEVELOPMENT

Regions all over the world need to adapt to the changing global economy, and transforming and reshaping the institutions to fit better the changing circumstances are usually seen to be important in these endeavours. The result of this kind of reasoning is that the literature has increasingly turned the attention of researchers and policymakers away from purely “economic” reasons for the growth of new industrial agglomerations, clusters, etc., towards social and institutional factors. Indeed, currently it is commonly perceived that economic development is shaped by a variety of institutional routines and social conventions. All this also highlights institutional flexibility as an important factor in long-term economic development. However, as we well know, institutions are notoriously hard targets for conscious change efforts.

Institutions are often seen as sources of stability and order (Scott 2001, 181). As institutional theorists see it, behaviour is substantially shaped by taken-for-granted institutional prescriptions. According to Battilana (2006, 13), in neo-institutional studies it was for a long time implicitly assumed that individuals and organizations tend to comply with the institutional pressures to which

they are subject. However, institutions do not merely constrain human agency; they are first and foremost the product of human agency (Powell & DiMaggio 1991). Streeck and Thelen (2005, 16) point out that institutions are “continuously created and recreated by a great number of actors with divergent interests, varying normative commitments, different powers, and limited cognition.” As they also point out, institutions are shaped by both “rule makers” and “rule takers”. A central challenge for regional development studies is to show how and why embedded actors become motivated and enabled to promote change, and for that end, we also need to find out under what conditions actors are enabled to act as leaders. (cf. Battilana 2006.)

In regional development, leadership is inherently a collective phenomenon that transcends individual actors as entrepreneurs. Of course, we need to face the question whether leaders, who are institutionally embedded, can actually instance themselves from institutional pressures, act strategically, influence other actors and hence transform institutions or whether they are in the end more moulded by the institutions and other actors than vice versa. How can actors change the institutions if their beliefs and actions are all determined by the very institutional environment they wish to change? What are their true decrees of freedom? What is their interaction like with other actors? How they influence the course of events?

When taking leadership to the focus of a study the central question to pose is what role human agency plays in processes of institutionalization, reinstitutionalization and deinstitutionalization that enhance regional development? Leaders are those people who have the potential to organize and reorganize social action with the ambition to change the institutions in which the factors that affect regional development are embedded. Individual organizations or human beings are usually not strong enough to make a difference alone from regional economic development point of view, and therefore, shared leadership of complex networks and constantly evolving processes is an important factor in the emergence of something new for the region in question to take steps forward.

Leaders in this context can be seen as people who have the potential to organize and reorganize social action with an ambition to change the institutions in which the factors that affect regional development are embedded. Leadership is often seen either as a position of authority in a social structure or as a personal set of characteristics, but as Heifetz (2003) reminds us, this is not enough. Leadership is more useful when defined as activity. Therefore, we might also say that leadership does not accomplish the mission or change the institutions or realize a vision. It is rather the force that causes the mission to be accomplished, institutions transformed and visions realized. Leaders are therefore actors who have a greater range of assets than others in the community for stretching the constraints (Samuels 2003), and hence individuals take a leadership position if they are able to influence other actors.

Leaders in regional development are individuals who have followers and who are capable of influencing their followers to produce results; thus they transform the institutions and enhance its adaptation to the changes in the environment. However, 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. Leading regional development requires that leaders are capable of leading not only within the boundaries of

the organizations and communities that authorize them, but that they consciously aim 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. (Sotarauta 2005.)

Next, I focus first on the position of individuals in the contemporary regional development world. Unfortunately, at this stage of the study, I am not able to focus on leadership as defined above. In the study reported here, we did not explicitly seek individuals who have earned a leadership position but rather people who need to earn it, and who work for it. Therefore the main aims here are to first position regional development officers (RDOs) in the context of regional development and, second, to scrutinize their ways of influencing and using power. Some of the RDOs interviewed can definitely be defined as influential individuals and it is also most likely that there are several of them in our survey data. However, most of them are not qualified to be defined under the rubric of leadership, but studying the sources of power these people have, the ways in which they influence, provides us with a general understanding of and first clues on what people actually do to influence; this knowledge is important in setting the agenda for future studies on leadership in regional development.

3 THE POSITION OF THE REGIONAL DEVELOPMENT OFFICER

In Finland, the Regional Development Act of 1994 attempted explicitly to create a system that first of all suits the EU's regional policy framework, but that also increases the influence of local -and regional-level actors, improves the concentration of various regional development funds by programming, and increases co-operation between key-actors. Therefore, since the early 1990s, there has been a move away from understanding regional development policy-making as a straightforward 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 in close co-operation with various parties. The coevolutionary nature of policy-making is not limited on to horizontal relationships but it reaches also vertical dimension of the policy-making. Sotarauta and Kautonen (forthcoming) demonstrate how local developments and policies have in Finland fed already earlier into larger developmental patterns, making it possible to talk about the 'co-evolution' of national and local developments rather than simply about top-down or bottom-up policies.

In the new mode of governance, new partners are constantly sought, coalitions formed and dissolved at all levels of action, and hence such questions as what is to be done, and how, are constantly negotiated and communicated in various forums. In the 2000s, this kind of approach is fairly well institutionalized in the Finnish regional development practices. Its every day practices, however, are constantly sought for, and it seems to be evident that even though the new more interactive development approach has made the Finnish regional development policy system more active and dynamic than what it was in the 1980s, the new modes of action have also raised many new challenges. All in all, in Finland, by definition, the institutional promotion of regional development is based on shared power between various state authorities and between central and local government, and thus in practice there is a wide network of actors that are dependent on each

other. The RDOs need to understand the logic of complex systems involving a whole bunch of actors in an endless series of social networks.

“If we can establish such conditions that these networks function well, it enables many-sided and flexible action. And hence we can also produce results at a faster tempo compared to situations where we would have fixed organizations. And we also can utilise and apply many kind of expertise flexibly.” [Development manager in a city government]

The interview data, for its part, strengthened the view that regional development policy in Finland is nowadays based on a network-like mode of action in which several interest groups take part and in which there are many kinds of policy networks crossing the organizational, regional and institutional boundaries. Our interviewees talked a lot about complex policy networks; they stressed the need to create them, to understand them, and to function in them. It is also evident, as Kickert et al. (1997) point out, that there is no “third party” to control the network, but rather there is a process controlling itself, being full of enthusiasm and efforts to find new solutions but also confusion due incoherence and conservatism.

It is also interesting that even if policy networks¹ have become a fairly general form of organization in regional development, there are hardly any studies on leadership in networks or network management in the context of regional economic development. Earlier case studies on policy networks and network management from such Finnish regions as North Ostrobothnia (Jurmu 2007), South Ostrobothnia (Linnamaa & Sotarauta 2000; Linnamaa 2004) and Tampere region (Sotarauta et al. 2003) show how regional development officers would like to have better directed and co-ordinated networks for regional development. They also show how they are fairly incapable of expressing themselves clearly on how networks ought to be managed and led. They have hard time positioning themselves in a new situation, but all in all, they would often like to change organizational institutions to change major non-organizational institutions like conventions, mind-sets, interaction patterns, etc., that create lock-ins. Even people who other actors identify as influential persons in the networks do not necessarily recognize their own roles by themselves in wider networks. Actors who are supposed to act as leaders do not always know how to mobilize networks for change and hence miss the potential to influence the course of events.

In the promotion of regional economic development and hence also in policy networks, leadership is by definition shared by nature. Shared leadership is shaped by the following circumstances:

- the core coalition of a region, its composition and social and economic backgrounds of its members;
- the nature and functionality of wider strategic policy networks in a region, and the character of relationships between its members;
- the roles that leading persons and the coalition formed by them are playing in the wider policy networks; and
- the resources and competences that network members bring into the network.

(Sotarauta & Linnamaa 1999, 111)

¹ 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 these 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). For 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 programs”. This kind of interaction does not only reflect complexity but is also in itself complex, dynamic and pluralistic.

In the interviews we also aimed to expose the daily activities of individuals engaged in regional development: It was interesting to see how most of the people interviewed divided their personal operational environment into four independent but overlapping categories: a) one's own organization, b) the development system, c) formal policy networks and d) informal networks. The organization that pays the salary and to which one is accountable for one's action is of course important to any development officer and a self-evident determinant in how people behave and aim to influence the course of events. However, the national and European development systems as a whole naturally provide actors with an institutional framework that both enables and constrains regional and local efforts. Interestingly, if an organization was seen as a home base, the system as one of the playing fields and a source of resources, networks were seen as channels for new ideas, information, resources, insights, and effective implementation. Also, the significance of knowing first and foremost people and only second the organizations they represent was emphasized. To pull new ideas through a network, one needs to identify and locate the right people for it.

“In all these [organizations involved in regional development efforts] there are such persons who want to do more, who are willing to reach beyond their own work and to discuss, develop, think how to change this region. They are willing to take the responsibility, to be involved. They want to commit themselves to these endeavours. So, it is not possible to say that certain kinds of organisations were more important than the others [in official promotion of regional development] ... When new initiatives are pulled through and are created, in the end people are the core, money can always be found from somewhere if you have right guys involved and you are aiming for right kind of things.” [Business development director in a city government]

All the development spheres briefly raised above are important in the daily work of development officers. It is worth noticing, however, that the rules, norms and codes of behaviour are fairly different in different worlds, and our interviewees constantly stressed the importance of the abilities to combine informal to formal, and vice versa. From the individual point of view, the Finnish promotion of regional development appears as a more or less connected series of processes and networks that often are fairly fuzzy and difficult to read and make sense of.

“There is a formal and informal world [in promotion of regional development]. People know each other, it is a continuous process of communication, what's up in your organisation, and what they are planning over there, what issues are emerging, and things like that. It is important that one is not launching a competition over expertise ... and then we have the formal side of the coin. We have several official groups in which we discuss all this through. We have politicians; it is important to discuss what they want with them, what their will is. And the officially binding decisions are made, official strategies ... But, but, if we had only these official meetings, nothing would happen, they don't create co-operation, proper philosophical discussions about what this is all about. A huge amount of background work is required to create something new, nobody gets credit for that, it takes a lot of time from everybody involved. People can't even see this kind of hidden work but without it no official decisions would be made.” [Development manager in a regional development agency]

Regional development officers strategise and organise, and hence they aim to mobilize the resources and competences external and internal to the region to promote some issues that are believed to be important to the region. In this work their position derives from their tenure, the status of the agency that they are working for and their expert status, and all this determines the network status of an individual RDO. The proposition is that network status is among the core conditions for leadership.

4 POWER AND INFLUENCE

Promotion of regional economic development is usually not a simple question about setting a goal and dividing labour, and then simply about implementing the plan. This is not the case even in a small and homogenous country like Finland. In regions, a struggle for power, for who has influence on the matters at hand and who does not is usually ongoing in one form or another. It is actually surprising how little human agency and power is studied in the context of regional economic development, given how important an issue it is in practice, and what is evident is that it is not possible to understand leadership without scrutinizing power and influence as well.

The concept of power is among the key concepts in social sciences with its several dimensions and definitions, and there is a rich array of ways to study it. It is not possible to scrutinize here the rich literature focusing on the various forms of power. My aim is simply to find such a definition of power and influence that makes possible an empirical analysis of the RDO's sources of power and influence tactics.

Castells (1997) argues that power is no longer concentrated in institutions, organizations or symbolic controllers such as the media or the church as much it used to be (Castells 1996.) This entails the admission and recognition that power is diffused and shared. Bryson and Crosby (1992, 13) describe a world of shared power and define it as "shared capabilities exercised in interaction between or among actors to further achievements of their separate and joint aims". As seems to be obvious in the network society, no one is in charge alone in most matters of public concern. No single agency or leader is able to solve public problems or promote urban competitiveness without co-operation and co-ordination. Power is more than ever diffused throughout global and local networks of wealth, information and images, but this does not mean that power disappears. The old forms of power are fading away because they are increasingly ineffective for the interests that hold them. (Innes & Booher 2000.) As Castells (1997, 359) maintains, "the new power lies in the codes of information and in the images of representation around which societies organize their institutions and people build their lives and decide their behaviour." Innes and Booher, for their part, argue that in the information age, network power is what is most important. They describe it as follows from the point of view of planning and policy-making:

"Power in a connectionist network is not a weapon that an individual can hold and use at will, nor is it the result of an unequal relationship between players, where one can force another to do something. It is a notion that makes sense if we think of the world as a complex adaptive system, within which individuals work and communicate and learn, rather than as a machine that we can manage and control with the right knowledge." (Innes & Booher 2000.)

The view advocated by Innes and Booher requires us to set aside some of our familiar notions. In their view policy professionals become part of the a process which brings together agents, enables information to flow, builds trust and reciprocity, represents interests, connect networks and mobilizes action. (Innes & Booher 2000.) In any case, they need power to influence, but the question is what kind of power.

According to the Webster's comprehensive dictionary, power has the following dimensions among other things: a) ability to act; potency; specifically, the property of a substance or being that is manifested in effort or action, and by virtue of which that substance or being produces change,

moral or physical; b) potential capacity; c) strength or force actually put forth; d) the right, ability, or capacity to exercise control; and e) any agent that exercises power, as in control or dominion; and e) great or telling force of effect. Thus, power revolves round the capacity to act, authority, official position or some kind of force that produces change. From a bit different point of view, power can be grouped as follows:

Power to act and decide – direct power exercised by official actors

- Provided by position, status and/or knowledge, etc.

Power to create institutions and lay official strategies

- Institutions are used to create a framework for action. Laws, decrees, written agreements, organizational settings, and communication arenas, among other things, are emphasized.
- The power to create institutional settings is quite direct; it is, however, a slightly more subtle and invisible form of power than the power to act and decide.

The deep structure of social and economic activity

- Manifested deep in action culture, and therefore, it is indirect, invisible, and penetrating but often very influential.
- The deep structure of power often defines which phenomena are touched upon and which not, what “may” be talked about and what not.

(Wrong 1997; Castells 1997; Flyvbjerg 1998)

Leaders can make people act differently by using the formal power that their position brings with it, by directing resources, or by creating new rules. Acting like this, however, they are more or less exercising coercion, using forcing moves, which may lead to superficial changes only. If the effect remains superficial, it will last only as long as leaders are able to or have the opportunity to use their power. Leaders may be able to make other actors yield to their will momentarily; sustainable results, however, cannot always be produced as assumed, because different social actors have more freedom and the personnel in one's own organizations have more possibilities than before to make decisions about many things. A direct exercise of power might even lead to results contrary to the intended ones. Paloheimo and Wiberg (2005) show the four faces of power, the four manifestations of power:

Face I - Breaking the resistance

- When an actor A is able to break the resistance of an actor B, the target of the exercise of power, he/she is able to make targets of exercise of power act as he/she wants in spite of resistance of an actor B.

Face II - Limiting the alternative ways to act and choose

- When an actor A is limiting the choices, available pathways to action, of the target of exercise of power, he/she is making an actor B to act as he/she wants by setting the constraints for the actions of the target.

Face III - Changing the preferences

- When actor A is able to change the preferences of the other actors, he/she aims to influence the values and attitudes of the other actors so that they would see either the events, actions or power holder himself differently.

Face IV - Transforming power to right and obligation to obey

- The fourth face points towards internalised power. The targets of power believe that it is their duty to obey and the power holder believes that it is his/her right to rule.

(Paloheimo & Wiberg 2005)

In regional development, the power to act and decide as well as the creation of institutions and strategies have been emphasised as sources of power. To put it slightly more simply, we can state that public policy-making as an entity do not perceive the significance of the social and economic deep

structure in the course of events very well. Public administration also often approaches different matters from the viewpoints of administration, statutes, and programmes, for example, and therefore, regional development networks have not been able to react very easily to the new opportunities and threats brought about by the knowledge economy and network society. Neither have they recognised how one can influence, nor how one can become influential in the new situation. What is important to note is that influence is inducing by nature, not forcing. It is a subtle process, essential to which is the renewal of behavioural models, attitudes, and beliefs as well as thereby the change in activity. In practice, influence builds on different forms of power, but first and foremost, on interaction and social skills. (Bragg 1996, 43.) Power can be seen as a potential to influence; in other words, from the viewpoint of influence, power is a latent resource of influence. It needs to be freed and used by means of other processes. Thus influence is defined as a process in which the actor by using interaction skills and other social skills makes other actors see things, people, functions, etc., differently from before and thereby *voluntarily* do something that they would not otherwise do.

5 INFLUENCE TACTICS USED BY REGIONAL DEVELOPMENT OFFICERS

Next I use our survey data to identify the main dimensions and features of tactics that regional development officers use in their efforts to influence other actors.

Regional development officers stress the indirect ways of influencing. Most of the respondents (94.5 %) regarded constructing an atmosphere of trust as an important way to influence other actors and hence also regional development. If trust was highly stressed, so was the organizing capacity; 89.6% of the respondents stressed the importance of organising development work more efficiently. All in all, all the influence tactics regarded as important are, in one way or another, indirect in nature; strategy work, influencing communication and removing its obstacles, acting as a role model, etc., were emphasized by most of the respondents. What is interesting is that various institutional and direct ways to influence were not seen as important as more indirect tactics. According to our survey, regional development officers do not rely much on delegating one's own responsibilities to the other actors; provocation, invoking the regional development acts and/or development programmes, or the sense of responsibility of the key decision makers were not seen generally as important means of influence (for more, see Figure 2).

Figure 2 provides us with a rather detailed view on the influence tactics that RDOs regard as important in their work. In the next phase of the analysis we aimed to reach a more focused view on the influence tactics, and for that purpose, we grouped the data and created four new sum variables. These are construction of context for co-operation, direct activation of actors, indirect activation of actors and strategy work. They were identified with exploratory factor analysis and content analysis of the interview data (see Sotarauta et al. 2007). The new sum variables are indicated in Table 2.

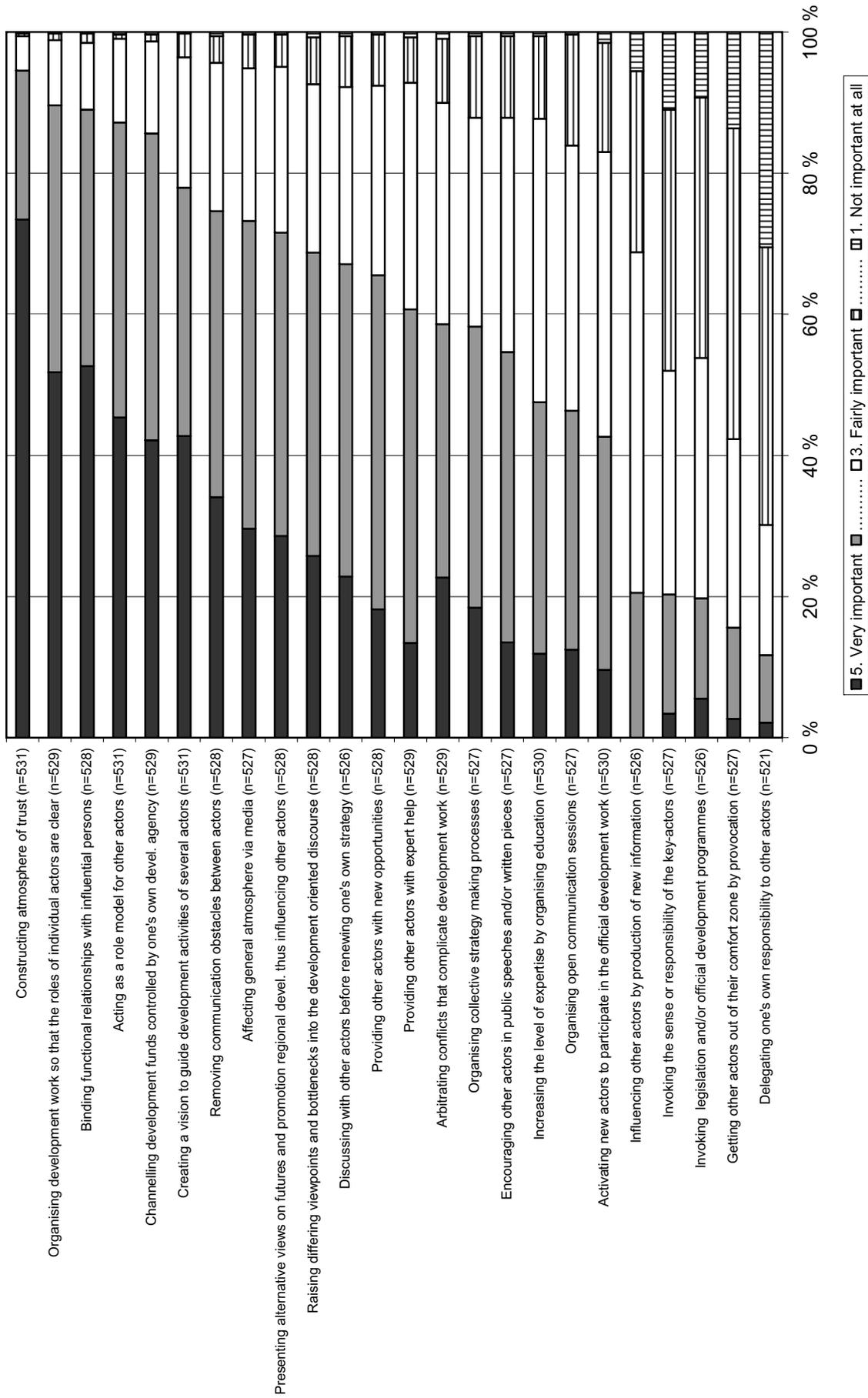


FIGURE 1. Answers to the question: "In promotion of regional development, it is necessary, one way or another, to be able to mobilize the resources and competences of several organizations to same direction. Assess, based on of your own experiences, what measures are important in the efforts to influence other actors in the name of regional development

TABLE 2. The new sum variables to measure influence tactics and core variables included in the new variables

Construction of context for co-operation
• Arbitrating conflicts that complicate development work
• Removing communication obstacles between actors
• Organising development work so that the roles of individual actors are clear
Direct activation of actors
• Invoking legislation and/or official development programmes
• Invoking the sense of responsibility of the key-actors
Indirect activation of actors
• Encouraging other actors in public speeches and written pieces
• Presenting alternative views on futures and promotion regional development thus influencing other actors
• Influencing other actors by production of new information
• Affecting general atmosphere via media
Strategy work
• Creating a vision to guide development activities of several actors
• Organising collective strategy making processes

These new sum variables² show clearly how regional development officers appreciate indirect influence tactics more than direct ones. The average of construction of context for co-operation is 81.0 and strategy work is 78.1. Indirect activation of actors remains at somewhat lower level average being 76.5. The average of direct activation of actors is as low as 53.4 (see also Figure 3).

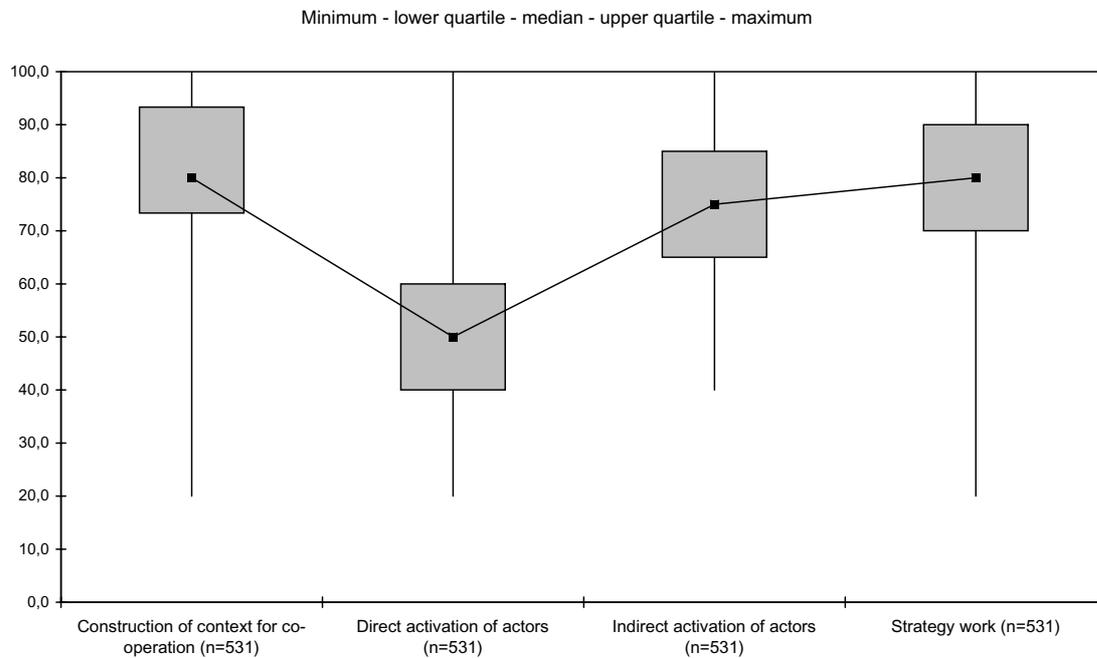


FIGURE 2. Generic influence tactics used by regional development officers.

² $((v_1+v_2+v_n)/n)*20$

6 POWER POSSESSED BY REGIONAL DEVELOPMENT OFFICERS

The survey data shows that the Finnish regional development officers consider information and networks as their most important sources of power (see Figure 4). Networks were stressed both as sources of new information and as an important support factor in pulling various ideas and initiatives through decision-making processes. Among next most important sources of power was such expert information that enables RDOs not only to convince decision makers of the importance of required changes but also of the personal role of the RDOs themselves in the development process. The most important sources of power support the above view that promotion of regional economic development is indirect in nature. Such direct sources of power as an official institutional position, a power to change institutions governing the development activities or an official position in designing regional development strategies and/or development programmes were not seen as particularly important. Here it is important to keep in mind that those RDOs who responded to the survey are not the ones who always have “power to act and decide” and therefore their way to influence is to influence other power holders both in the public and private sectors, as well as at universities and polytechnics

Figure 3 provides us with a view on the sources of power that RDOs regard as important in their efforts to influence the actors for regional development. As with influence tactics, we also aimed to reach a more focused view on the sources of power, and for that purpose, we grouped the data and created four new sum variables. These are interpretive power, network power, institutional power and resource power. They were identified with explorative factor analysis and content analysis of the interview data.

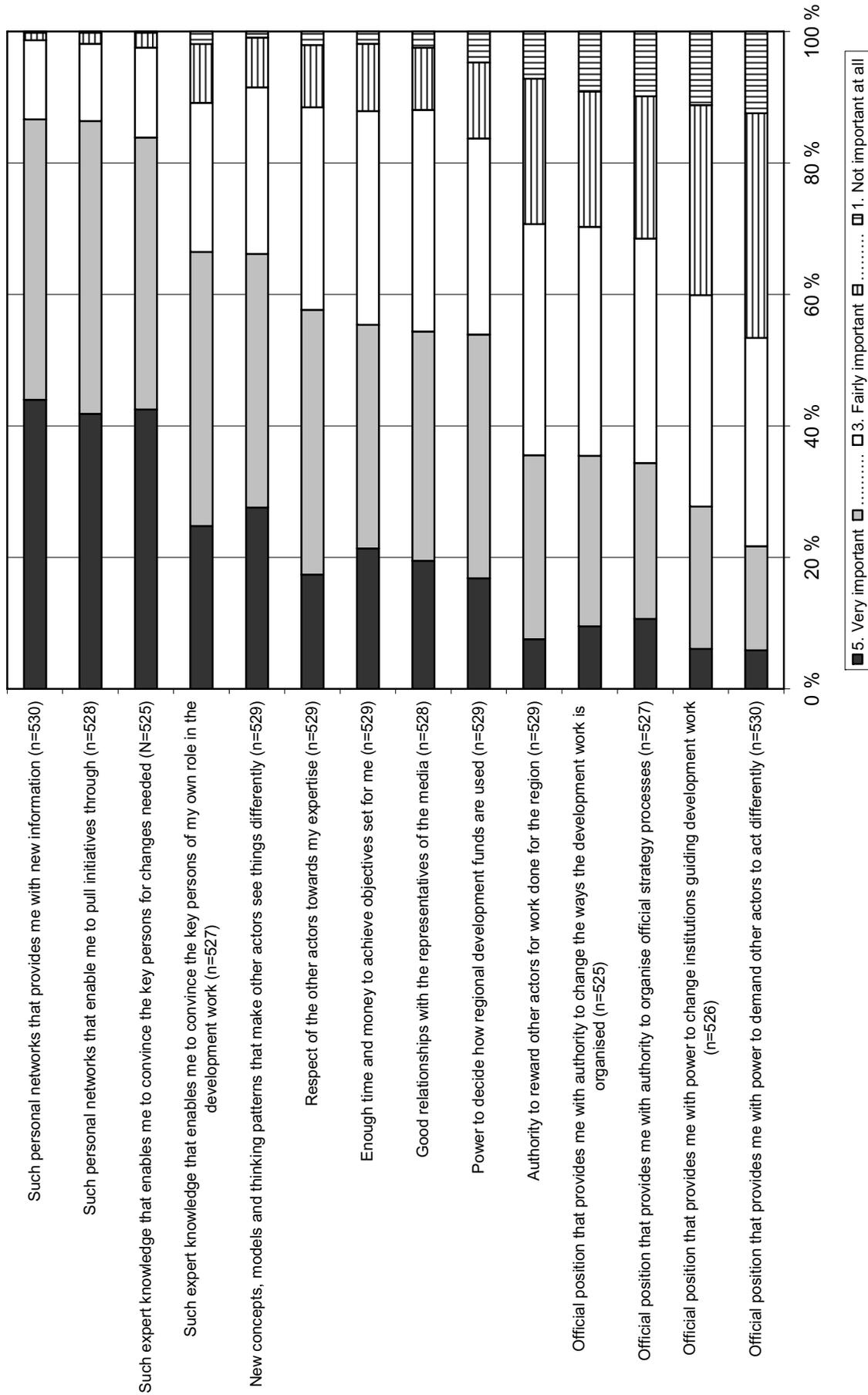


FIGURE 3. Answers to the question: “Assess what factors are important in your own work when you try to influence other actors in the name of regional development

TABLE 3. The new sum variables and the variables included in the new variables

Institutional power
• Official position that provides me with power to demand other actors to act differently
• Official position that provides me with power to change institutions guiding development work
• Official position that provides me with authority to organise official strategy processes
• Official position that provides me with authority to change the ways the development work is organised
Interpretive power
• Such expert knowledge that enables me to convince the key persons for changes needed
• New concepts, models and thinking patterns that make other actors see things differently
• Such expert knowledge that enables me to convince the key persons of my own role in the development work
Resource power
• Power to decide how regional development funds are used
• Authority to reward other actors for work done for the region
• Enough time and money to achieve objectives set for me
Network power
• Such personal networks that enable me to pull initiatives through
• Respect of the other actors towards my expertise
• Good relationships with the representatives of the media
• Such personal networks that provides me with new information

The most important forms of power that RDOs need are interpretive power and network power. The median of both of these forms of power is 80.0; most of the respondents considered these as the most important forms of power in their own work. Interpretive power was regarded as slightly more important than network power. The average of sum variable measuring interpretive power was 82.4, while in the case of network power it was 77.7. The average of resource power was 66.7 and institutional power remained as low as 58.0. RDOs are fairly unanimous in that possibilities to affect other actors' thinking and networking exceed resources and institutions in importance. (Figure 5)

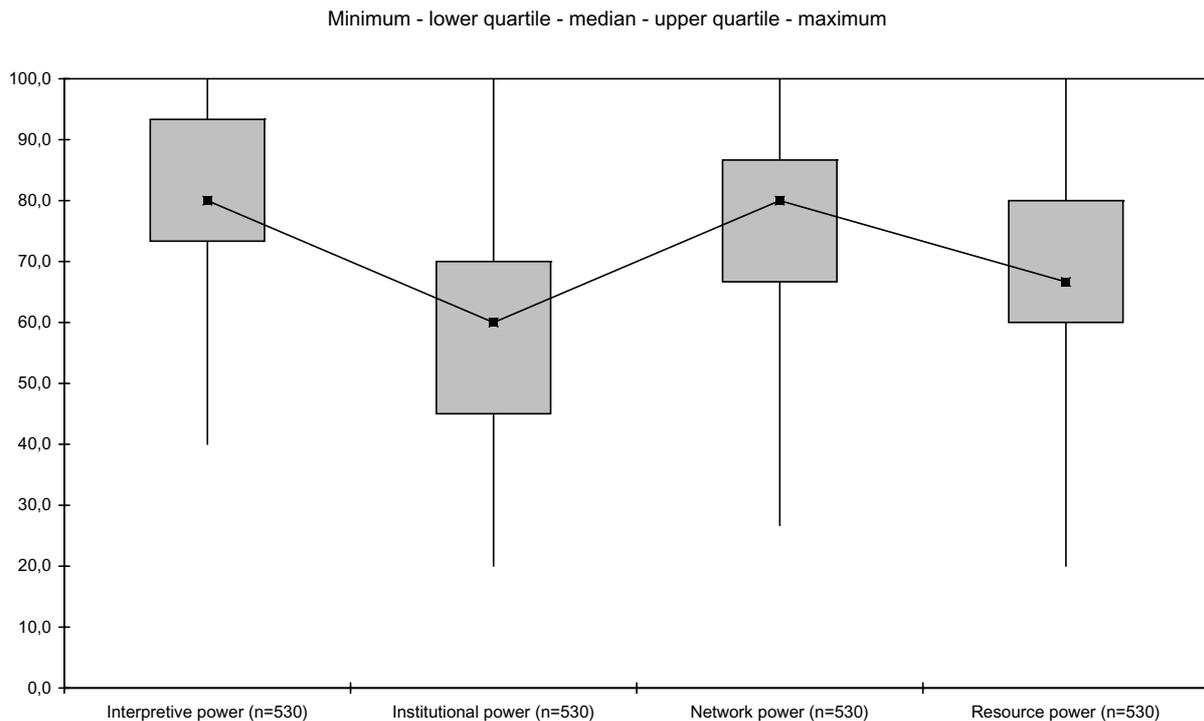


FIGURE 4. Generic forms of power and their importance in the work of regional development officers

The combination of interpretive and network power seems to be a way to mould preferences of the other actors. Promotion of regional development, being a struggle between visions, development ideas and interests, those actors who are able to draw attention of other actors and frame the thinking, are influential indeed. In the interviews, regional development officers talked intensively about mindsets, thinking patterns, perceptions, information, knowledge creation and other issues that are related to interpretive power. They saw that, if regional development and its institutions are to be transformed, they need to be able to affect a) the ways in which other people see the world (what it is like), b) how knowledge is acquired and justified, and c) what values dominate the development work (see also Niiniluoto 1989). The ambition of many of the interviewed RDOs is to change the deep structure of social and economic activity to make a better fit with the changing economic environment.

All in all, regional development officers are working to create a new context and interpretation for the promotion of their respective regions and hence they work “to build a new plot for a development play”, as one of the interviewees put it.

“When one has learnt a new vocabulary and way of seeing things, it is easy to communicate everywhere and to interact with people, our way of doing and our way of talking being bit different, it is easy to draw attention”. [Development manager in a town government]

When aiming to transform institutions, regional development officers need to recognize dominant discourses and especially the dominant interpretations guiding the promotion of regional development, and to launch a new dialogue that might lead to a new discourse on needed changes and measures in the region. Leading by interpretations is crucial, because actors need shared mental models to make sense of the ambiguous world and complex networks. (Henry & Pinch 2000, 136). Therefore,

RDOs aim to seek differences and similarities in actors' interpretations, acting in order to synthesize different interpretations and goals derived from them. They also aim to change and/or unify actors' interpretations of the region, its institutions, policy networks, etc. (Klijn & Teisman 1997). In practice, RDOs are convening actors for dialogue, they mediate information and also create new knowledge, they interpret, for example, academic thinking and talk to firms, and vice versa. All this both requires interpretive power and builds it. Interpretive power is fairly invisible by nature. Interpretive power does not refer to efforts to seek consensus but to an effort to create soil for shared thinking and joint efforts to transform the institutions for future. Power to frame issues discussed, to lead sense-making processes and hence to influence what issues are on the agenda and what are not, and hence also who are involved in the communication roundabout brings a fair amount of power to an actor who can actually do all this.

“If you really want to influence, you must talk and talk, at least for two years. It takes two years to pull a new idea through this community, and people then start realizing what the situation is and what should be done and they want to participate.” [Development director in a city government]

To summarize, it is possible to argue that regional development officers may get a strong position in policy networks if they can create a new vocabulary and a new way of seeing the region and its core activities, and if they can influence the prevailing perceptions. All this is also important in the use of network power that was strongly highlighted in the interviews as well. The RDOs interviewed stressed particularly the significance of informal and personal contact networks as sources of new information and credibility. One of the interviewees crystallized the importance of one of the key dimensions of networks to the utmost by arguing “when one knows the national-level decision makers personally, it brings you authority and prestige in your own region”, and the other one framed the same message as follows:

“I consciously learnt to know all the important people in Helsinki, and of course it is useful, it is the best trait one can have in this business [the local economic development], the trait you can never buy from anywhere is your personal contact network. I guess it is useful to know people from public administration but it'd be great to know all the industrial leaders in this country. If there were that kind of guy available somewhere, we'd buy him immediately.” [Director in a local business development agency]

Neither interpretive power nor network power appears over night, gaining them is a long process. It requires personal interaction with key people locally, regionally, nationally and often also internationally, and it also requires conscious building of trust. Genuine trust and reciprocity is the core in long-term collaboration (Innes & Booher 2000, 19.) Innes ja Booher (2000, 21) argue further that if only the preconditions for trust are in place, the actors need no prior knowledge of each other for co-operation. RDOs aim to create these conditions and to connect people with substance knowledge and expertise important for the region, and this is the way in which they believe they can influence the course of events.

“My background is different from that of the other guys, and thus I do not even try to represent myself as an expert in any of the main business areas in this region or as a top expert in anything. The value-added I bring in these networks is that I have an excellent network, I am better than most in co-operation and I can get these guys with strong substance to be involved, and make them be more in co-operation with each other than they normally would.” [Director in a specialized development agency]

Based on the analysis of our interview and survey data, the four faces of power presented by Paloheimo and Wiberg (2005) can be adjusted to better fit the world where regional development officers operate.

Face I - Breaking the resistance

- Regional development officers are not in a position to break the resistance and therefore they are required to seduce other actors towards something new, towards unknown territories.

Face II - Limiting the alternative ways to act and choose

- Regional development officers do not have power to limit the alternatives or a reason to do so. Their mission is to multiply the opportunities and alternatives for other actors and thus boost regional development. In addition, RDOs work to make selected opportunities so alluring that other actors want to participate in the development efforts.

Face III - Changing the preferences

- Regional development officers do not aim to change preferences but they aim to combine individual aims of individual actors (organizations and sometimes also individuals) to collective, regional aims and objectives and hence they aim to remould preferences.

Face IV - Transforming power to right and obligation to obey

- Regional development officers do not usually aim for obligation to obey; they have learnt that it is not the best way to proceed in the knowledge economy. They aim for providing other actors with opportunities that benefit them and hence make the other actors committed in creating something new.

7 DISCUSSION AND CONCLUSIONS

In spite of being useful concepts in the analysis of knowledge-based economic development, the regional innovation system and other related concepts do not reveal well enough the micro-level dynamics of regional development. We do not know much how institutions actually change in the context of regional development, and especially, we do not know what people actually do to change them and promote development in their respective regions – how they attack the old institutions and create new ones. Leadership might provide us with an additional concept to complement the conceptual tool kit traditionally used in regional development studies. I find it useful in the endeavours to understand endogenous development processes. Studying more deeply the roles that influential individuals have in institutionalization, deinstitutionalization and reinstitutionalization processes might provide us with additional analytical leverage.

Our earlier studies have attested that it is actually fairly difficult to identify leaders and detach the role they have played from other factors. However, we have indeed learnt that there are people in the fields of regional development who can be labelled as influential individuals, as leaders (see Linnamaa 2002, Sotarauta & Bruun 2002, Lehtimäki 2005, Kostianen & Sotarauta 2003, Sotarauta & Kosonen 2004), and we also have learnt that their ways of influencing the course of events, changing institutions, are manifold and often indirect. The study reported in the paper supports this view. To gain better view on these indirect and manifold influence tactics and the forms of power important in regional development, we studied what regional development officers do to gain a leadership position. We are fully aware that not all of them can be considered leaders; it may well be that in the regions there may not be an abundant bunch of people who could be called network leaders. Knowing all this, and realizing that a study on regional development officers does not

necessarily reveal much about true leadership, we took this route to frame, to get an overall understanding on power and influence, the core concepts in a study on leadership. We believe that having a better view on the nature of influence and power it will be easier to identify influential individuals and to analyse their personal and collective strategies in the next phase of our research programme.

Transformation processes are complex and unpredictable. They include many agents with their respective goals. Moreover, agents' goals and preferences may change in the course of the process. Thus it is difficult for a leader to know in advance what goals will be achieved in the process and what the results of the process will be. It usually is also difficult to know what the most important processes from the regional development point of view actually are. Leaders should therefore be able to learn from their own and other agents' goals and strategies in the course of the process, to locate possible partners, and to convince them to become in some way involved in development partnerships or otherwise to contribute to the development efforts. All this highlights the fact that network power is becoming crucial in the course of events; it is an essential latent resource of influence. Those actors having network power can utilize the resources and competencies of their partners, bring actors together, remove obstacles hindering communication, orchestrate conflict, enable information flow, build trust, link different matters to each other, orient people to their places and roles, inspire, excite, etc.

And those actors having interpretive power can shape prevailing interpretations and give new meanings to existing knowledge and information, create new interpretations (symbols, identities, etc.), direct attention to certain issues and direct it away from others, control over the flow of information, frame issues, envision futures and how a desired future might be realized, identify the vision that exists implicitly, communicate about it and reformulate it and linking different matters to each other. I find it useful to distinguish interpretive power from other forms of power, because it seems that leaders are gaining more and more influence by affecting the dominant perceptions of their communities and thus interpretations of their followers, or they may get followers due to their abilities to convincingly create new interpretations. Interpretative power is largely based on information, knowledge and images that are the basis of perceptions.

This study showed clearly the indirect nature of promotion of regional development when studied at the individual level. The main influence tactics are indirect in nature, indirect activation of actors and strategy work being the main tactics. Our data shows also that power used by regional development officers is indirect. The most important form of power was interpretive power and next to it was network power. It is likely that individuals and coalitions formed by them who have gained the leadership position use these tactics and these forms of power, but as likely is that also institutional power and resource power are important, and as likely it is that leadership is an interactive process in which, first of all, various actors both co-operate and influence each other, and second, leadership ought to be studied as a co-evolutionary process between strategic agency, emergence and institutions.

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