

Observations and Policy Recommendations

Nordic Regional Development Policy in Search of New Modes of Action

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Introduction

This article raises a series of observations and policy recommendations for Nordic regional development policies. We do not cover all possible aspects of regional development and our recommendations focus especially on the question of how policies can be better managed, how they can be truly functional and how they might be better rooted in the wider social networks of regions. We also refer to other studies in order to provide background for the observations and policy recommendations as well as to reflect the observations made in the case regions onto other regions and onto more general considerations.

In general, there has been a simultaneous broadening and deepening of what constitutes industrial and development policy in many European regions. A major shift has emerged away from sector and industry-specific subsidies and arrangements towards cluster policies. The general aim has been to find synergies between industries, firms and other actors within wide resource areas. Cluster policies have also often increasingly included relevant services in their sphere of influence, as the boundaries between manufacturing and services have become increasingly blurred. Also the distinction between different policy approaches has become less salient and the role of innovation policy has been stressed in many other policy spheres too. Policy-makers' attention has been directed towards linkages and interactions within and between different subsystems and towards actions that will improve the innovation capacity of the whole economy. The role of government has become one of facilitating the development of resources from "basic" to "advanced" factors; to invest in developing technologies and capabilities that are common to all the industries in a cluster; and to develop the labor force through an open and competitive labor market. Investment in resources and infrastructure will usually involve investments in the educational system, in industrial training and in research activities within firms and

within research institutions such as universities. (O’Gorman & Kautonen 2002.)

In all its manifestations, regional development is an extremely diverse entity, its practices are varied and its institutional set-up is usually quite complex. We therefore simplify our observations and recommendations so that they could raise debates on the ”philosophy”, contents and operational models of regional development policies in the Nordic countries. We organize our recommendations by using the conceptual framework presented in Figure 1.

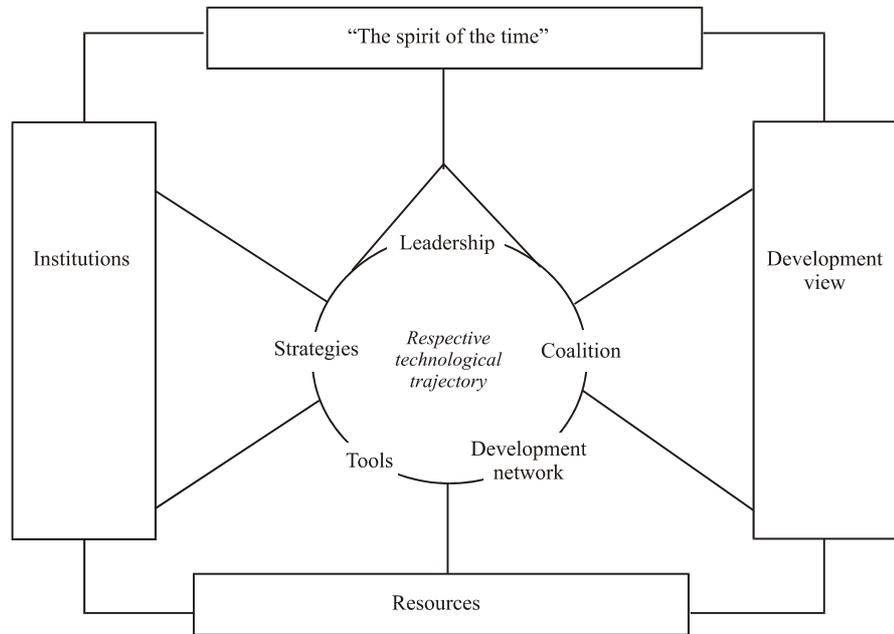


Figure 1. Key factors in the promotion of regional development and the general frame of policy recommendations

The spirit of the time and development view

The spirit of the time refers to contemporary values, attitudes etc., that is, the way various issues are generally seen and discussed in a society. It is not an exact set of details but rather a general atmosphere that emerges from the general societal communication that is continuously ongoing in various forums and media.

The spirit of the time gives meaning to various policies as well; often it has a decisive influence both on what policies are seen as important in the society and on how they are expected to be carried out.

However, the relationship between the spirit of the time and the contemporary way of playing the policy game is not a static relationship; there may always be a saturation point hidden in the midst of the processes and thus the spirit of the time will change, sooner or later.

The spirit of the time shapes the development view of many actors. At the same time, it influences the way institutions are seen and how they are consciously created and/or reorganized and thus it also indirectly affects what resources are available for development efforts and how they are utilized. The contents of strategies, the nature and forms of networks, the people emerging as leaders and their skills usually reflect the spirit of the time.

If interpreted positively, the strong reflection of current “fashion” in the development strategies of regions appears as a sign of a proactive and dynamic region striving to be ahead of its time. If interpreted negatively, the strong influence of the spirit of the time may appear in many regions as trendy but hollow rhetoric. In any case, it clearly has a significant effect on the promotion of regional development, the basic question being: are there any real resources and capabilities in the regions to grasp the spirit of the time?

Observations

- [1] In Jyväskylä, Turku, Trondheim and North Denmark it has been easier to mobilize actors to participate in collective regional development efforts when the topic has reflected the spirit of the time; namely, it has been discussed in the media, conferences, literature, etc. Local “inspirers”, the champions of development efforts, have been able to utilize general societal discourse in their own argumentation. The spirit of the time is one of the key resources in launching development projects.
- [2] However, if there is an uncritical outlook on the spirit of the time, the promotion of regional development may end up being hollow development rhetoric with some fashionable catchwords. Consequently, many actors may lose their faith in the development process and momentum may be lost. This seems to be a risk in Trondheim, where several actors doubted the policies of the Municipality.
- [3] In both the Turku and Jyväskylä cases, integration and the consistency of the regional development network are important from the perspective of the short-term economic performance of the BioTurku project and of the ICT strategies of Jyväskylä. There is a risk that coherence and homogeneity are prioritised at the cost of sound criticism. This might turn out to be highly problematic if the project is evaluated with criteria that emphasize the moral as well as the long-term economic value of

critical discourse. Such discourse, on the one hand, relates selected strategies to the respective region and its many other activities as a whole; on the other hand, it uncovers possible weaknesses of selected strategies and thus critical discourse is also a source of continuous renewal.

If the spirit of the time refers to the general atmosphere, the *development view* refers to the thinking patterns of individuals and groups. It may be seen as a more or less detailed system of beliefs and values. Its parts are worldview (what the world is like), knowledge (how knowledge of the world is acquired and justified) and values (what the world ought to be like). The development view does not therefore refer directly to the nature of the development as an absolute phenomenon, but it emerges from experiences, education, expectations and communication with other actors engaged in the promotion of regional development. The development view directs an actor's way of comprehending the course of development and the general forces and actors influencing this. It leads an individual to see some things and not to see others. (Niiniluoto 1989; Sotarauta 1996) Here the spirit of the time is a general level collective phenomenon and the development view is more a cognitive phenomenon at the level of small groups and individuals.

The development view strongly influences what institutions are created and/or reorganized. Even though the spirit of the time is here seen as a more general and thus stronger force than the development view, the development view of influential actors affects the spirit of the time as well. The dominant development view of key policy-makers together with the spirit of the time greatly influences how resources are directed and thus also the tools made available. It also affects such issues as who are relevant partners for each other, that is, how networks take shape and what kind of power and influence leaders have.

In the promotion of regional development, the development view may have a major influence on practical work, as it guides, among other things, the direction of resources. The development view may also cause tensions and even conflicts, as it is not necessarily the same for all actors. This may cause people's perceptions of the regional development network itself and the roles of its members as well as objectives and strategies to be very different from each other. In such a case, how knowledge is acquired and generated (or what is even paid attention to) may have a major influence not only from the viewpoint of the contents of regional development policies but also from the viewpoint of the functionality and dynamics of the development processes. In the same way, policy processes and the coordination of the actions and thinking of

different organizations cannot generally be planned in a very simple manner; the *leitmotiv* of development emerges from the processes as the actors discuss strategy, perceptions, points of view and their own observations, and so strategic consciousness emerges. Strategic consciousness is one of the most crucial factors in ensuring consistent and persistent regional development efforts (Sotarauta 1999).

For the development of consciousness, it is necessary for the actor to have the ability to monitor and interpret events and to make sense of them, that is, to consciously create his/her development view and “reshape” strategic consciousness. Consciousness expands to become strategic when the actor has the ability to find the important issues essential to development from a long-term perspective. The assumption then is that as strategic consciousness grows, so does also the probability that decision-makers and officials will act in keeping with the strategies formulated and in practice strategic programmes may turn out to be pragmatic, because long-term strategies exist not so much on paper but in the nerve centers of the key actors.

Based on our cases and previous studies, collective strategic consciousness comes into being in communication addressing the following themes:

- Strategic intentions – Strategic intent⁴⁴ is a manifestation of the strategy designers.
- The resource base of a respective region – possible opportunities and threats to it.
- The desired future.
- The direction of present development, where we are going if the present development continues.
- Possible futures – both undesired and desired future alternatives (scenarios).

⁴⁴ In the promotion of regional development, strategic intent should express collective purpose, and as such it might be used to ensure consistency and coherence between various objectives, strategies and projects within a development network, and within a set of interrelated strategies of various organisations in the region and external to it. In this view, strategic intent may resemble vision, but grounded more on action and benchmarking, its potential may be higher. The question behind strategic intent is not “what will the future be like”, but “what must we do differently”. Through strategic intent decision-makers and the whole network are provided with an essential part of what is called strategic consciousness (see Sotarauta 1995).

- Necessary changes and strategic issues – opportunities and threats.
- Internal situation of the organizations engaged in regional development and their effects on the timing of strategy.

(Sotarauta 1999).

Observations

- [4] In the 1990s, in Jyväskylä, Turku and North Denmark, the development view of many of the key actors has become increasingly parallel and it has had a significant effect in the promotion of regional development; it has become more effective and development networks have become more integrated, connected and dense.
- [5] Strategic consciousness of the significance of networks and especially the role of cooperation between research and educational institutions, business and public development organizations has increased significantly. This has caused actors to take networking more seriously than before and to put more effort into finding new modes of cooperation.
- [6] If the strategic consciousness and capabilities and skills to strategically adapt to a changing environment are not well developed, the commitment to public long-term investments in technology centers and/or science parks and clusters that they inhabit may be threatened whenever an economic downturn makes more immediate problems pressing.
- [7] In the case regions, the development views and strategic consciousness of the key actors is becoming more parallel than before. which has led to a situation where it has been difficult for people to see and think differently when entering the development discourse. Strategic consciousness may make development work more effective, but it may also lead to a phenomenon called “group think” (Janitch 1982). “Group think” may hinder learning and thus prevent key actors from being able to reshape their development view. In this case, the dominant coalition does not listen to any critical arguments and does not see how changes in the environment are changing the base of the strategies. Consequently, the dominant coalition focuses on defending selected strategies and it may cognitively lock into the past path.

RECOMMENDATIONS A

- A.1. In communicative and network-based regional development the conscious construction of collective strategic consciousness is one of the key elements both in ensuring strategic focus, and the density and integration of development networks.
- A.2. Dynamic, network-based and process-oriented regional development policy should be grounded in the explicit maintenance of the moral and long-term economic value of social discourse critically utilizing, reflecting and weighing the spirit of the time, which has ensured the emergence of such a policy in the first place.

Resources

Key questions in regional development are: a) what kinds of resources are in the regions; b) are the regions capable of identifying regional resources and are they capable of creating new resources; and c) what is the capability of regional development networks to utilize resources?

In this context, resources are seen as inputs directed at the regional development work. The spirit of the time usually shapes the development view that concomitantly influences actors to see some things as resources and not see some others. Among the most important resources in an industrialized society were raw materials, sources of energy, and logistical location. In an information society, a highly skilled labor force, universities and expertise are usually seen as most important resources. On a general level, resources can be grouped as follows:

- Physical resources – infrastructure, location, logistical connections, etc.
- Firms – their expertise, resources, contacts, etc.
- Human resources – highly skilled people in the firms and other organizations, research and educational institutes, etc.
- Living environment based resources – natural environment, built environment, private and public services, etc.
- Material resources – funds for regional development work
- Connections – good networks, high-level social capital, etc.

(Sotarauta & Lähteenmäki 2001)

Observations

- [8] In regional development, it is important to have actual resources on which to build development strategies. At the same time, it is crucial that key actors are able to see various things as resources and are able to utilize them. In Jyväskylä and Turku, the key actors have been able to see and effectively utilize university education and research, among other things, as inputs in wider development processes. This has been more difficult in Trondheim, where there is a higher degree of fragmentation and less interest in large, collective projects.
- [9] A common strategy for all public authorities that were studied in the cases was to build networks for policy making. The idea is that communication and collaboration result in better policies as well as more efficient implementation. However, the cases also show that the authorities that themselves invested financial resources in the development processes had more success as network builders. They were perceived as serious players by the other actors. In contrast, authorities that entered network building without such investments faced considerable scepticism and will probably have little chance of making the most of the network strategy.
- [10] In addition to utilizing local resources, the ability to locate and utilize external resources is of utmost importance. Hence, through skillful lobbying of external financiers and decision-makers and creative utilization of external funding (national, EU) it is possible to increase the resources to build on.
- [11] In Jyväskylä, Turku and North Denmark the development network has been able to join internal and external resources together in the implementation of their own development strategy.
- [12] The various resources of both BioTurku, the ICT cluster in Jyväskylä, the ICT cluster in North Denmark and the high technology companies in Trondheim are quite small when compared to those of other European and American concentrations of similar industries.

RECOMMENDATIONS B

- B.1. The capabilities and skills of the key actors should be continuously developed to be able to see different things as “stakes” in the promotion of regional development and to utilize them in cooperation with other actors.
- B.2. Authorities should not expect to gain free lunches through networks. Successful network policies require considerable investments in the process, both in terms of financial and spiritual resources. The credibility of the policy initiator is extremely important and attention should be paid to gaining such credibility.
- B.3. Openness in relation to local political forces should be the long-term policy in ensuring the resource base for regional development, even if exclusiveness in this direction is more efficient in the short-term.
- B.4. Openness to extra-regional collaboration should be fostered as a way of solidifying the long-term resource base of regional development.

Institutions

Case studies on the regional development networks and processes of Jyväskylä, Turku, Trondheim and North Denmark raise, in various ways, the significance of institutions in framing and directing development processes. This general level observation supports the conclusions of many studies focusing on the regional economy that stress the importance of institutions in economic success (see North 1992; Maskell 1996; Morgan 1997; Rutherford 1996; Hukkinen 1993; 1995a; 1995b; 1999a; 1999b; 2000). Drawing on Linnamaa’s article in this report, *institutions* can generally be seen as a framework for actions and choices. Therefore, institutions refer to the relatively permanent modes of operation, rules and resources and the organizational field that constitute the basic form of development actions and various networks. In contemporary regional economy research, special importance is attached to informal institutions and regularly recurring behavior generated by culture – habits, customs and routines. Formal institutions are also significant for development activities. They are presented in the form of a law, statute or written contract, or are realized through some specific organization. (See e.g. Maskell 1996; Morgan 1997; Klijin & Teisman 1997.) Consequently, *institutions* frame development policies and processes and give various networks their context.

Put simplistically, the promotion of regional development in institutions may have either a positive or a negative influence. On the one hand, they may represent continuity in a rapidly changing world and also provide actors with a clear and supportive playground. As mentioned in the introductory chapter, institutional thickness exerts a positive influence on the economic development of regions. On the other hand, institutions may lock regions into past development paths politically, functionally and/or cognitively (see Schienstock 1999; North 1992; Hukkinen 1999b).

Observations

- [13] Institutions provide development processes with a general framework and they have a major effect on the direction of processes. Therefore, consistency and clarity of the institutional set-up is important in regional development. In a blurred and rapidly changing network society, uncertainty is not to be increased by unconsidered institutional transformations; institutions should reduce uncertainty, not increase it.
- [14] Turku and Jyväskylä are institutionally thick city regions and both city regions have also been able to increase thickness in strategically important sectors through the creation of new institutions and increasing interaction between institutions.
- [15] The importance of institutions is also reflected in the fact that the management of a rapidly growing regional development network is both difficult and risky, as observed in the Turku and Jyväskylä cases. Tension exists in the public sector's efforts to combine the need for political support and control with its desire to promote dynamic, competitive, and economically successful new industries. This tension needs to be addressed not only to safeguard the interests of taxpayers, but also to ensure the long-term involvement of the city and the consistency of public policies.
- [16] Even though it is institutionally thick, the BioCity Turku structure has been criticized for being too heterogeneous and diffuse. These critiques were combined with calls for better mechanisms for knowledge and technology transfer from academic research to commercialization.

Institutional thickness is one of the key factors in the emergence of path dependency. Development being path dependent, the transfer of "success factors" from one place to another is rather difficult, if it is possible at all without proper adaptation to local circumstances. On the other hand, not only is the development of regions path dependent but also the promotion of regional development and its processes are path dependent in the sense that past events and experiences of the development network have an effect on decisions and actions of today, as Linnamaa demonstrated in the Jyväskylä case.

Observations

- [17] Turku, Jyväskylä, Trondheim and North Denmark have consciously made efforts to free themselves, at least in part, from the past path and to forge a new one by creating new institutions, by seeking out new resources to build on and by creating a new perception of the respective city-region, its current state and future prospects.
- [18] One of the reasons that the development work of the case regions has proceeded well is the fact that in the earlier phases of development, new institutions and resources have either emerged or been designed that could be utilized later by a more systematic strategic development approach. However, there are also examples, in Turku as well as Trondheim, of failed attempts and a closing-down of organisations that did not work. The challenge lies in turning these failures into a strength by admitting them and learning from them. A learning region is a region that makes of its failures a resource for the future.

RECOMMENDATION C

- C.1. As a way of reducing the risks and increasing the integration of regional development, process-oriented dynamic networks should be institutionalized with innovative organizational structures, such as programming processes and science parks and/or technology centers.
- C.2. Network connectivity and integration are particularly important process features for enhancing performance in regional development. Drawing on the case studies, but also on Amin and Thrift's (1995) discussion of institutional thickness, the resilience, persistence and consistency of local institutions should be secured simultaneously. Thus the aim ought to be a) to deepen the pool of commonly held knowledge (explicit and tacit) by explicit knowledge management; b) to secure institutional flexibility (the ability of organizations to change); c) to develop innovation capacity in all walks of life; d) to increase the capacity to develop relations of trust and reciprocity and to create a sense of a widely-held common project.
- C.3. Institutional obstacles blocking processes and networks should be removed in order to make the changeover to a new development path possible. Such obstacles may be prevailing thought and action patterns, organizational structures, administration, fear of losing acquired advantages, conflicts between organizations, etc.

Development networks and coalition

In the previous chapters of this publication, the significance of networks has been stressed and development processes are indeed nowadays more often than not organized in networks. As the experiences of the case regions show, there are many kinds of networks and modes of operation in them.

Observations

- [19] The main characteristic of regional development work in Jyväskylä and Turku has been intensive functional cooperation among actors, including the public sector, business, research and educational organizations. On the one hand, network density and connectivity have proven to be particularly important for the emergence of new companies and, as a result, for future employment capacity of the network. On the other hand, transparency and consistency make the network attractive for external actors.
- [20] Process features such as informality, connectivity, integration and goal consistency enhance performance in certain areas, like education, research, entrepreneurship, while they are at the same time problematic for other kinds of performances, most notably broad participation in decision-making, political legitimacy and critical discourse. Transparency and consistency are important process features for attracting external actors into the regional development network.
- [21] In development networks, a sense of mutual empowerment is important and conscious efforts have been made in the case regions to create and actualize this. In this endeavor, it has been essential to understand that mutual dependency should be realized. It could simply be said that no single organization is capable of achieving such effective development work alone as it can achieve in cooperation with other development organizations. Also, the nature of network-like cooperation should be understood; namely, the importance of reciprocity, trust, solidarity and confidence ought to be accepted and internalized in order to have a truly functional network.
- [22] In networks, shared power and leadership should be accepted. No single development organization may easily take precedence over others in issues of regional development (although it may be possible in individual issues). Thus, power is the ability to promote shared and/or separate objectives in interaction. The management of networks is stressed.

Even though the promotion of regional development is organized in a development network, often a dominant coalition assumes a central role in development activities. Logan & Molotch (1987) have labeled these kinds of groups as growth coalitions or growth machines. We use

the term coalition when referring to these kinds of dense core groupings. Usually the interests that bring people together to form a coalition are based on the pursuit of economic benefit. (Harding 1997, 42.) Coalitions are not composed of all possible interest groups relevant to regional development; sometimes actors outside of a coalition may question the objectives the coalition sees as self-evident. (For related processes in regional environmental management, see Hukkinen 1995a; 1995b).

A coalition may be a strategic node of wider development networks, an engine for mobilizing resources and directing development efforts. However, it may become a separate and introspective entity, distinct from the development network, which strives purely for its own benefit without paying any attention to the interests of the region. Coalitions may therefore be either the main source of leadership in regional development or inward looking “old boy” networks. If this happens, discussions on regional development strategies may end up being the sole property of a local elite. However, if there is not a dominant coalition in some region, the danger exists that the region becomes locked into the past path.

Observations

- [23] In the network-like mode of cooperation, one of the strongest mobilizing forces has been the coalition of key actors in the respective regions. The role and activities of coalitions have been important in the mobilization of resources, of people and in the creation of mutual empowerment. Often coalitions create many of the new initiatives in informal forums and legitimize them in the formal forums.
- [24] In Finland, pragmatism dominates in collaborations on the promotion of regional development. This means that many processes of decision-making take place outside formal structures and across activity domains (local authorities, business, and state universities). Informality is one of the key sources of dynamism and it also has provided actors with opportunities to discuss difficult matters without the fear of losing face.
- [25] In regional development there often is the aspiration for efficiency and dynamism. This kind of pragmatic development mode does not leave much opportunity for democracy and open social discourse. In Finland, however, there was a clear need for a pragmatic development mode when the recession was at its deepest in the 1990s. It also seems that politicians were ready to delegate more power to professional development actors.

RECOMMENDATIONS D

- D.1. Successful development processes are often dependent on the existence of dominant development coalitions. The true value of a coalition is based on the moral values of the coalition, that is, is it open or closed and whose interests it is striving for and how.
- D.2. Ensuring the longevity of process-oriented regional development and maintaining its entrepreneurial performance requires an adequate degree of density and connectedness of the regional development network, and often a coalition consciously develops density and connectedness.
- D.3. Therefore, the key role for the network manager, whatever organizational form the network may have in regional development, is to maintain and deepen the sense of mutual benefit that exists within the network by enhancing network connectivity, integration (mutual adaptation) and transparency.
- D.4. The network manager of regional development should also be able to maintain sufficient network informality, connectivity, and integration to promote education, research and entrepreneurship within the network, while at the same time guaranteeing network transparency and goal consistency to attract external actors, broaden participation and stimulate critical discourse.
- D.5. To the extent that network process characteristics (as opposed to the efforts of individual companies) can affect future employment, a balance between network density and transparency needs to be struck, at the same time as network connectivity is encouraged in a way that maintains goal consistency.

Strategic planning and programming as a tool of regional development

In order to gain complete control over development or change in a given region, it would be necessary for all actors to be of one mind with regard to issues and strategies and their solutions. Furthermore, they would need to implement regional strategies through their own actions. Efforts have been made to unify the actions of members of development networks with the help of regional strategies. In other words, it is hoped that regional strategies will guide a maximum number of regional actors either directly or indirectly. Thus, some of the questions people engaged in regional development are interested in are: how is it possible to be

flexible and to react quickly (as is nowadays often stressed) and at the same time enable the widest possible participation in strategic planning? How is it possible to create strategies focusing on the future needs of the region as a whole in a negotiation process of compromise and conflict comprising numerous actors? Until now the dilemma has been solved by an approach based mainly on classical strategic planning. *Partnership is therefore often assumed to occur within the regional strategy.*

The basic idea of regional strategies, that the many organizations operating in the region should realize shared strategies based on a shared vision, is very tempting because it would make things more manageable. However, it is more likely that different organizations would nevertheless seek first to realize their own strategies. In the best case, the creation of regional strategies can provide a good forum for making the goals and measures of different organizations more parallel, but in the worst case, there is the danger that strategies will not amount to more than papers among a host of other papers. Every organization has its own ambitions and strategies that, in that organization, are stronger than regional strategies. This may mean that the intended regional developmental strategies appear to be everybody's but belong to nobody. Thus they never become part of what the organizations are doing. At their most efficient, regional strategies are backed by the organizations' own objectives and strategies and vice versa.

Regional strategies are supposed to guide the activities of the organizations, but in practice it seems that different organizations participate in strategy-making in order to ensure that their own needs and the ideas of their backers are included in the strategies, thereby safeguarding their own territory, and also in order to see what notions are uppermost in the minds of the organizations responsible for strategy making. With reference to the thoughts so far expressed and raised in the case studies, it may be stated that partnership and classical strategy do not go particularly well together. The ideal of classical strategy does not work in regional applications, as it does not enable us to make a long-term, enduring combination of different action logic and the differing strategies and objectives emerging from these. Therefore, strategies are to be seen more as long-term interactive processes than merely strategic plans.

Thus, the assumption here is that partnership is not achieved *within* regional strategies; partnership is achieved *between* strategies. If a definition of regional strategy is sought on this basis, it may be defined as a communicative process, in which different aims and strategies of many actors are *reconciled* and various interests *balanced*, and touching-points

and concrete means between the many objectives are constantly sought out and *coordinated*. During this continuous process, the various goals and strategies of individual organizations are made as parallel as possible by communication, negotiation, strategic plans, programmes, etc. (Sotarauta & Linnamaa 1998; for ongoing regional experiments along these lines, see Müller-Wille and Hukkinen 1999; Hukkinen et al. 2002).

The earlier view stressed that discussion took place in the planning process, after which the various actors made a commitment to the result of planning and set about implementing it. In the process-based and network-centered approach, commitment has a new content. No commitment is sought for the idea created ready-made in the planning process; rather there is a constant search for commitment from different points of view for shared projects requiring and enabling commitment. Moreover, the strategy continues to live and change along with circumstances. In a way, it is constantly being recreated.

Observations

- [26] Examination of the development process of ICT-led development shows that the main explanatory phenomena for the positive development of the Jyväskylä urban region after the middle of the 1990s were twofold: first, strategic investing in the strengthening of expertise and ICT-led development; and second, the ability to capitalize on the creative tension that makes people interested and motivated in development work.
- [27] The development of the Jyväskylä urban region emphasized the development of regional competitiveness and network-like operation, in which ICT-led networking has been connected to the overall development of the region and the development has been path-dependent. In Jyväskylä, actors in the regional development network had the ability to seize opportunities as they opened up and made prompt use of the new practices of development work, especially doing programme-based work and attracting project funding. They have been able to create partnerships between various strategies by regional strategic planning.
- [28] In the Jyväskylä case, the regional development process benefited from the improved image that the City gained by actively exploiting publicity.
- [29] Development programmes should be seen as many-sided tools that have at least the following functions:
 - The programme is a plan in which a vision, strategies and adequate measures are presented in order to channel and direct the use of resources.
 - The programme is a legitimate forum for cooperation.

- The programme is a way of making sense together, to learn common language and new concepts, to create shared lines of action and thought patterns and a way of seeing the development and the role of various actors in it.
- The programme is a means of communication for messages from one group of actors to another group.
- The programme is a trigger for new processes.
- The programme is a tool in making better sense of the ongoing open social discourse in a region from the point of view of regional development.
- The programme is a tool in concretizing “noble sentiments” or in turning a crisis into something constructive.

[30] Our case studies of regional development from North Jutland in Denmark and Turku and Jyväskylä in Finland show that the ability to bring to the fore a vision of a different future is important, as well as the ability to embody this vision in a functioning organization. By means of visions, sufficient creative tension between the present and the future has been created and thus it has raised new discussions, made key actors interested in development efforts and also guided them. Quite often, visions created in strategic planning are so uninteresting that they remain self-evident lists of “everything nice and beautiful”. To be truly functional in the development networks, a vision should be communicable, challenging and appealing.

RECOMMENDATIONS E

- E.1. The regional development network should solidify in a functioning organization the capacity to bring forth a vision of a different future for the region. The mechanical formulation of vision and strategies is not sufficient but development actors should develop their skills and abilities to make better use of use visions and strategies as tools in regional development.
- E.2. Process-oriented regional development networks should strive to create path-dependent positive synergies between overall regional development on the one hand and business competitiveness on the other.
- E.3. Process-oriented regional development should pay particular attention to investing in strengthening the region's core competencies and capitalizing on the creative tension between the inspirations of key individuals and the dominant thought patterns.
- E.4. In process-oriented regional development, it is important to create sense or urgency. This is important because often the formulation of a vision or development programme and, for example, receiving EU-funding provide a development network with a false sense of security. Development efforts need the sense of drama that can be found in a crisis, possible crisis, great opportunity, etc. It is essential to be able to arouse the interest and motivation of individuals.
- E.5. Regional development processes should actively involve the media to make the public aware of regional development objectives, strategies and projects.

Leadership and individuals

The ability to lead and manage the development processes has emerged as crucial in the cases. It could, of course, be stated that the importance of leadership has always been central in regional development, but the point here is that it has become even more important in the network society. At the same time, the nature of power and influence is changing and therefore the nature of leadership is changing too (see Sotarauta in this publication). Hence, the need to understand the dynamic nature of development processes, management and leadership may turn out to be crucial. Policy-makers are required to become more skilled in managing transition and processes, not only in administrating resources, programmes and formulating development programmes. In leadership,

the ability to accelerate, boost and change the course of action when the environment changes is often crucial.

Leadership and management in the promotion of regional development differ in nature from conventional modes of leadership because the means of exerting influence are mainly indirect. As mentioned in Sotarauta's article, to be able to influence events, leaders have to act in the riptide of several different interests and aims, and find a totally new range of means that can be applied in different events. Despite numerous different models and leadership styles, the most efficient leaders trust themselves and their own assessment of the situation, and use a combination of several different models and styles. Whatever the leadership model or range of combinations, the basic tasks of managers can in simple terms be summarized around the following management and leadership approaches and abilities:

- Strategic and visionary management/leadership
 - The ability to define strategies and visions for regional development together with other actors; the ability to promote development activities persistently, consistently and comprehensively; the ability to create the future; the ability to bring to the fore visions of a different future and the ability to transform these visions into focused strategies and action; the ability to transform crisis-situations into something constructive; the ability to launch processes successfully and manage and lead them differently in different phases; the ability to find the right timing for development work and seize competitive advantage by being a pioneer; the ability to bring forth big objectives so that they seem credible and attractive to other actors, etc.
- Network management/leadership
 - The ability to involve people and empower them to act as a network; the ability to make people work to reach joint and separate goals and renew them in an ongoing process, namely, the ability to promote interactive processes serving as an intermediary in interaction between actors and steering activities towards seeking goals and enabling cooperation; the ability to connect various actors to the cluster from their own starting points; the ability to create and utilize creative tension in development work and to create the sense of drama (presenting issues so that people become enthusiastic and excited); the ability to achieve short-term success in order to sustain motivation; the

ability to network competently and to utilize informal relations efficiently, etc.

- Resource management
 - The ability to utilize existing resources and to find new ones in the promotion of regional development; the ability to direct resources according to regional strategies and in that way influence the strategies and operations of various organizations; the ability to lobby skillfully toward external financiers and decision-makers and to utilize external funding creatively; the ability to see different things as resources in regional development and to utilize them, etc.
- Knowledge management
 - The ability to create and apply new knowledge in the development network; the ability to create an environment that supports the knowledge management of different organizations; the ability to openly grasp initiatives via informal decision-making channels and the ability to channel these initiatives into formal structures of decision-making; the ability to understand and mobilize image and atmosphere, etc.
- Institutional management
 - The ability to create and maintain flexible but at the same time persistent institutional set-up that supports networking and the fluidity of development processes; that is, the ability to create institutions that provide organizations with a national, regional and local development and innovation environment that is as good as possible.

Observations

[31] In the cases of both Denmark and Finland, the ability of key actors to perform fast and proactive collective action was of great importance in guaranteeing external (national and EU) funding and raising interest in the region and mobilizing both people and resources.

[32] In the Danish case in particular, success required that the actors were able to agree on a vision of what building an IT lighthouse should be about. That the user-oriented vision became dominant in the North Denmark project can partly be explained by an active campaign, in which regionally well-known and respected people put their authority behind the programme and by the ability of these people to transmit a positive and regionally anchored picture of the project.

- [33] In both in the Turku and Jyväskylä cases, the ability of the network to influence policies across a broad range of sectors was dependent on the degree to which the network managers can claim to be spokesmen for the network. Thus, a certain degree of concentration of representative authority was needed. However, continued internal education will require openness, efforts to increase transparency and active sustenance of goal consistency within the network.

RECOMMENDATIONS F

- F.1. Institutions and thought patterns of development officers should evolve so that a mechanical planning and development culture could be left behind and regional development policies could enable and empower the activities of small groups and individuals. In regional development, there should be more efforts to create innovative milieux for organizations and opportunities and challenging environments for people.
- F.2. The key actors in the regional development network should include visionary individuals capable of fostering consensus around a common vision for the development process.
- F.3. Managers in the regional development network should have the skills to observe, understand and act on opportunities promptly as they open up in the development process, such as adopting new modes of development work and funding.
- F.4. Key actors in the regional development project should be regionally well-known and respected individuals, because the combination of enthusiasm and authority that they embody is likely to transmit a positive and regionally anchored view of the project to the general public.
- F.5. In the promotion of regional development, institutions responsible for development work should also pay more attention to the creation of challenging working environments and to the recruitment of active, highly skilled and respected individuals.
- F.6. Visionary leadership and concentration of representative authority in the regional development network should be balanced with openness, transparency and goal consistency to guarantee the credibility and educational self-renewal of the network.

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