# The local capacity to act and leadership

Why do some localities succeed while others fall behind in the geography of opportunities?

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### Argument

The differing local capacities to act, leading to spatial differentiation have not been adequately examined



### The research questions



Why can some localities connect to emerging opportunities while others fall behind?

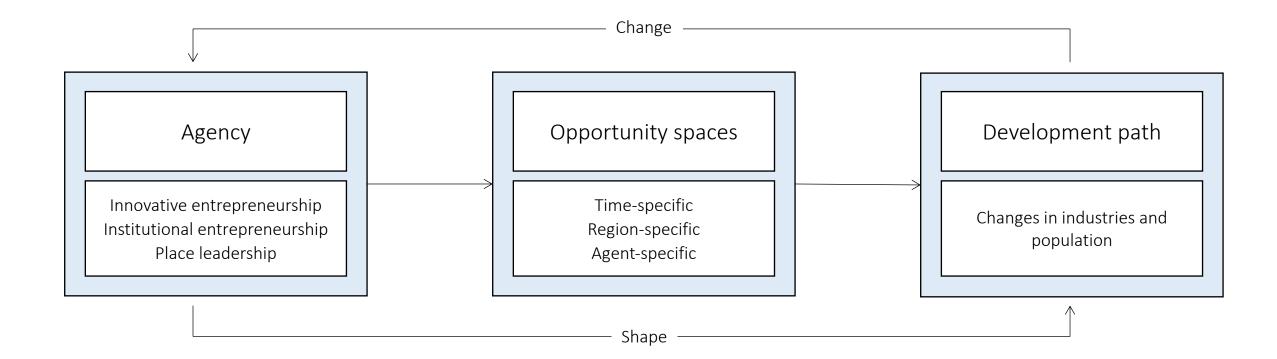


What are the critical assets in different regions to construct opportunity spaces?



How do localities mobilise assets to construct and exploit opportunities?







#### A Crisis - Eastern Lapland, Finland

- Population 17,000 people
  - Decreased by 31% from 2000
- Earlier pulp/paper industry and electronics manufacturing
  - Closure of Orion pharmaseuticals (2002), Salcomp electronics (2004) and Stora Enso (2008)
- Low number of SME's, growing tourism
- High unemployment rate



The era of industrialisation From the 1960s to the early 2000s The era of external shocks The 2000s Reproduction of the old path and new openings 2010s, post closures

Weak place leadership, local activities were fragmented and sporadic

Supportive and proactive industrialising regional policy

Corporations willing to establish plants on state subsidies, local labour and resources

Reactive and responsive local government, assigned place leadersip

No need for local institutional entrepreneurship, as the State and the corporations carried the financial risk, national level institution building

Innovative entrepreneurship had no space (or any need) to grow, the major industrial companies forming the backbone of the local economy.

Locals faced a shock, patterns of agency learnt in the past found outdated

Mobilisation of rallies to protest the decisions

Emerging place leadership enhancing innovative and institutional entrepreneurship

Mobilised extertise if Aalto Univ. and effort to mobilise Chinese capital

The state used its limited arsenal

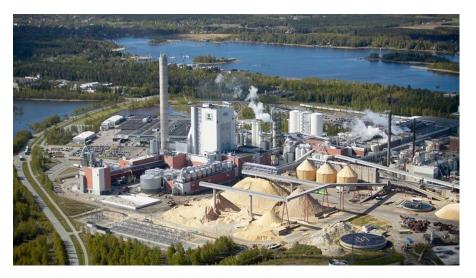
External actors searched for and mobilised to contribute

#### Jakobstad

- Population appr. 50,000
  - o Increased by 3% from 2000
- Versatile industrial mix (SMEs); family ownership
- Low unemployment rate





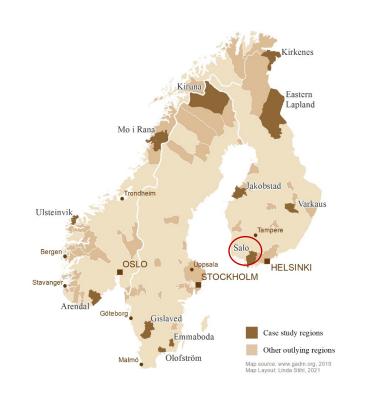


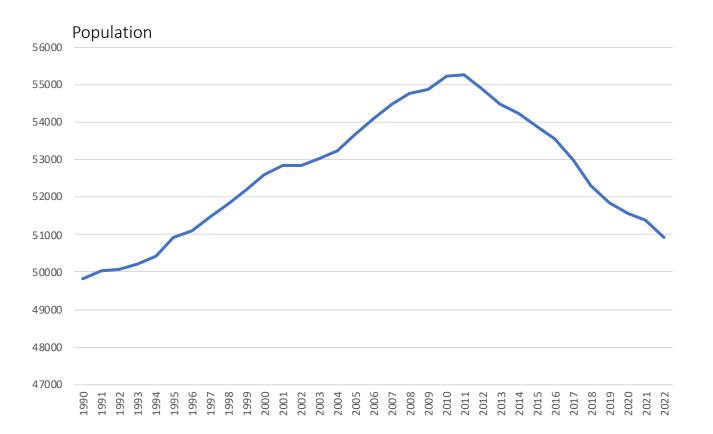




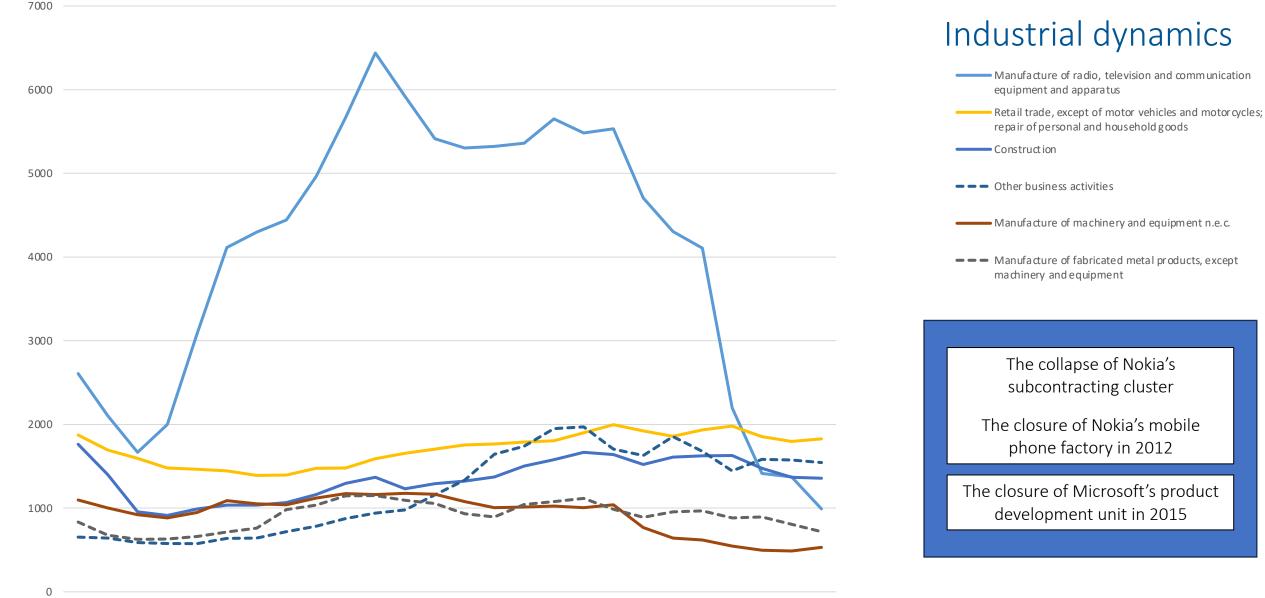
	Jakobstad	EASTERN LAPLAND
Place leadership	Shared and mutual Informally co-constructed Business community in the lead	Based on a few key organisations' and key individuals' visions Fragmented and sporadic
Mobilisation	Largely self-organising Occasional lack of coordination	A few key actors organise project-based development work
Strategic focus	Open: inclusive regional strategy	Focused: the forest industry, tourism second
Mode of action	Proactive	Reactive
Perception of institutional change	Incremental: "doing things better" continuously	Abrupt: Pursuing radical changes
Spatial scale	Strong local activity and international orientation	Weak local activity, focus on national and international resources
Networking	Intensive local networks to reach international markets Strong international networks	Weak local networks

#### Case Salo









1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015



Events	The collapse of Nokia's subcontracting clusterThe closure of Nokia's mobile phone factory in 2012The closure of Microsoft's product development unit in 2015Establishment of the Salo IoT Campus In 2017	
	Intrepretive leadership	
	Shared public-private leadership	Defence victory
Crisis	Network leadership Shared public-private leadership	at the 'right-sized Salo'
	Formal leadership         Chief executive and his team    A formal partnership for crisis management and damage mitigation ————————————————————————————————————	500
Assets	ÄRM-policy, the governance apparatus in placeSkilled laid-off manufacturing workforceHighly skilled laid-off R&D workforceHighly skilled laid-off R&D workforceVacant Microsoft premises	
	Location Nokia's reputation Industrial heritage	



#### The establishment of the Salo IoT Campus

"We took the Town Board there look, these are the buildings that we are buying.

The Board members were stunned about the main square, like in New York or Silicon Valley or anywhere.

We did not know that we had something like that here."



Appr. 83,600 square meters of vacant space



#### Conclusions – in the North

- Place leadership and institutional entrepreneurship are not individualised heroic activity, but shared and processual forms of agency
- The Nordic tradition and governance system supports the idea of sharing the risk and mobilising for collective action
- Even the strongest of actors are dependent on the resources and capabilities of the others

- The key actors manage risks (political, reputational, financial) by drawing on each other's assets, powers and capabilities
- The resources are seen as finite and the capabilities to tackle complex issues as limited
  - A built-in conception that collective action is not a choice, but a necessity, is widely shared



Jakobstad	Opportunity spaces	Development path
	Time-specific – continuous Region specific – social capital Agent-specific – place-rooted collaboration	Steady development Incremental innovation 'Still there'

Eastern Lapland	Opportunity spaces	Development path
	Time-specific – closing Region specific – raw material Agent-specific – none	Declining Struggling Fallen behind

Salo	Opportunity spaces	Development path
	Time-specific – Lost but potentially emerging Region specific – location, world class IOT campus Agent-specific – was expectional	'Right-sizing' Hanging on in there Stabilizing





## Lessons for policy

- Policy should support local/regional leadership, entrepreneurship and capacity building
- New capabilities need to be learnt
- Evaluations should support local/regional learning



### General level answers



#### Why some succeed?

Structures and change agency fit the emerging situations



What assets? From reputation to location to raw material to social capital to university expertise to policy to ...



How to mobilise? Influence thinking and networks – act on institutional opportunities

#### Thank you!





