Regional development against all the odds
• What are the main development strategies adopted by intentional actors, independently or in collaboration, in their efforts to boost path development?

• Who influences whom, how, for what purpose and in what kind of context – and with what outcomes?

(Sotarauta & Beer & Gibney 2018)
Regional Growth Against all the Odds

The Driving Forces of Long-term Growth in Nordic Regions
[2017-2021]

Lund University - Tampere University -
University of Stavanger - BI Norwegian Business School
Länförsäkningars forskningsfund, Sweden
Need to connect agency with structural conditions and the opportunities for change, in particular regions and particular points in time

(Grillitsch and Sotarauta 2019)
Institutional entrepreneurs work to change the rules of the game

Place leaders mobilize powers, resources and capabilities

Innovative entrepreneurs seek for new economic opportunities, and are willing to take financial and personal risks in doing so

Trinity of Change Agency
Connects three types of agency originating in different fields of literature

Innovative entrepreneurship
Institutional entrepreneurship
Place leadership

(Grillitsch & Sotarauta 2020)
Opportunity space

‘Opportunity is a time or set of circumstances that makes it possible to do something’ (Oxford Dictionary)

- **Time-specific OS**: What is possible at a specific point of time in general.
- **Region-specific OS**: What is possible considering regional preconditions. E.g. industrial structures, institutional environment, knowledge networks.
  - Can be supportive, constraining or neutral in respect of beneficial opportunity spaces.
- **Agent-specific OS**: Individual agents have different kinds of capabilities and perceptions concerning opportunities.
  - Capabilities differ e.g. due to their position in networks.
  - Constructed in interaction with others (collective, perceived regional opportunity spaces)

Adapted from Grillitsch and Sotarauta (2019)
The question

- Why do some regions grow more (or less) than others with similar structural preconditions?
To answer the overarching research question:

• Identify regions with exceptionally high/low growth in certain time periods after considering structural effects,

• Explain the exceptional growth by studying the role of actors, networks, and institutions at different geographical scales, and

• Develop knowledge about and recommendations for a regional policy adapted to the challenges each region faces
The first step

- Differentiation between two components of regional growth
  - one that can be explained by measurable structural factors, and
  - one that remains unexplained (and refers to the residuals in a growth regression)
  - Outcome: the estimation framework and analysis of all the sub-regions in three countries
The ReGrow Model

Independent variables (quantitative):
- Regional industry mix
- Regional employment orientation
- Regional human capital
- Regional labour market characteristics

Dependent variable:
- Employment growth

Independent variable (qualitative):
- Agency
- Network
- Institutions
Regional human capital
• The share of regional population with higher education

Regional labour market characteristics
• to control for potentially important factors that are not included in other groups
  o the share of employment in manufacturing
  o the share of public employment to control for the sensitivity of regional labour markets to the macroeconomic conditions
The second step

• Case selection (regions & time periods) based on step 1
• Selection principles
  o Extreme case selection (regions that are particularly good or bad in using their growth opportunities)
  o High variation of cases
The third step - In-depth case studies

- A critical incident and/or event-history analysis largely based on secondary material such as newspapers and reports
- Thematic interviews with core actors
Very tentative empirical observations
After considering structural factors, a part remains unexplained, which is captured by the residual. By plotting regional employment versus the residual, it is possible to see how much remains unexplained.

Examples of regions with low residuals

Examples of regions with high residuals

Structure explains growth

Growth but significant part remains unexplained
Lucky losers
No growth but structures predict worse performance

Fast contractors
Even worse decline than what structures predict

Fast growers
Better growth than what structures predict

Unlucky winners
Growing but not as well as structures predict
Positive outlier

Negative outlier

Analysis: Lund University, Department of Human Geography
Research questions

- Are there different patterns of change agency at a local level in a country?
- What are the differences and similarities in change agency in the case sub-regions?
Jakobstad

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

• Population 17,000 people
  o Decreased by 31% from 2000

• Earlier pulp/paper industry and electronics manufacturing
  o Closure of Salcomp electronics (2004) and Stora Enso (2008)

• Low number of SME’s, growing tourism

• Rather high unemployment rate
<table>
<thead>
<tr>
<th></th>
<th><strong>JAKOBSTAD</strong></th>
<th><strong>EASTERN LAPLAND</strong></th>
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<tbody>
<tr>
<td><strong>Place leadership</strong></td>
<td>Shared and mutual&lt;br&gt;Informally co-constructed&lt;br&gt;Business community in the lead</td>
<td>Based on a few key organisations’ and key individuals’ visions&lt;br&gt;Fragmented and sporadic</td>
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<td><strong>Mobilisation</strong></td>
<td>Largely self-organising&lt;br&gt;Occasional lack of coordination</td>
<td>A few key actors organise project-based development work</td>
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<tr>
<td><strong>Strategic focus</strong></td>
<td>Open: inclusive regional strategy</td>
<td>Focused: the forest industry, tourism second.</td>
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<tr>
<td><strong>Mode of action</strong></td>
<td>Proactive</td>
<td>Reactive</td>
</tr>
<tr>
<td><strong>Perception of institutional change</strong></td>
<td>Incremental: “doing things better” continuously</td>
<td>Abrupt: Pursuing radical changes</td>
</tr>
<tr>
<td><strong>Spatial scale</strong></td>
<td>Strong local activity and international orientation</td>
<td>Weak local activity, focus on national and international resources</td>
</tr>
<tr>
<td><strong>Networking</strong></td>
<td>Intensive local networks to reach international markets&lt;br&gt;Strong international networks</td>
<td>Weak local networks</td>
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**Jacobstad**
A highly developed social obligation to work not only for an individual or an individual enterprise but also for the place

**Eastern Lapland**
When regulative and normative institutions of ‘the old regional policy’ withered away, local cognitive-cultural institutions drawing on them prevailed
Thank you for joining the course – please remember

- to write a learning diary
- include all the themes covered
- answer to feedback questions