

Do cities and regions compete?





Competitiveness of cities/regions

“...competitiveness [of a country]
depends on the capacity of its
industries to innovate and upgrade”

(Michael Porter)

Competitive advantage

- The resources and competencies are...
 - valuable in enabling actors to exploit opportunities and neutralize threats
 - rare among the present or potential competitors
 - costly to imitate
 - without close strategic substitutes

Soft factors

- Networks, human skills, etc.

Hard factors

- Roads, airports, telecommunication infra, etc.

Case Tampere - History

- Founded in 1779 – as a free city (a special economic zone)
 - Slow start but foreign capital and entrepreneurs made the difference
- The charter granted several special privileges (Gustaf III)
 - Mostly lowered taxation but also liberation from guild regulations
 - Not much small enterprises but growth by big industry (late 19th century)
- Russia occupied Finland in 1809
 - Finland became a Grand Duchy of Russia with the Swedish legislation and other institutions
 - Alexander I reinforced the privileges of the city of Tampere (freedom of enterprise)



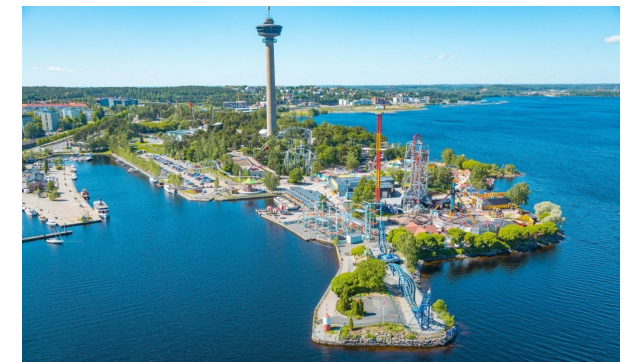
Trivia

- Tampere and Finlayson among the first to have electric light in Europe (1882)
 - Carl Nottbeck - the son of the factory owner - worked as an engineer in Edison's laboratories in New York.
- Lenin and Stalin met for the first time at the Russian Social Democratic Labour Party's conference in Tampere worker's hall
- The textile industry emerged as part of an international cotton empire, led from Liverpool.

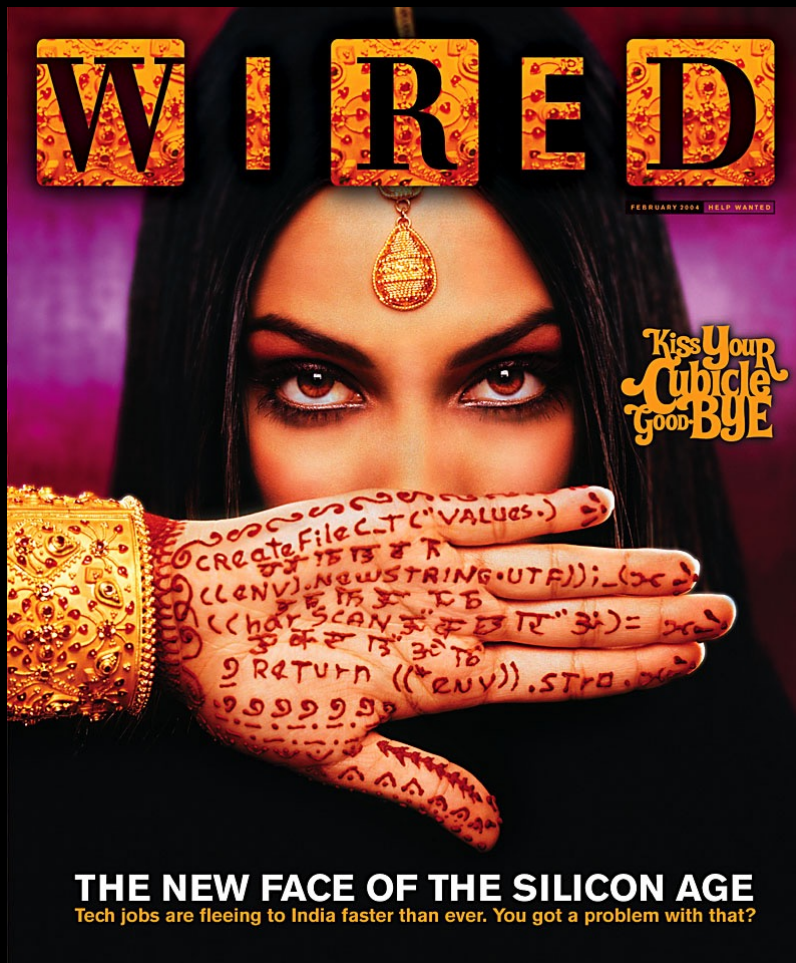


Main industries in Tampere

- Technology (appr. 7 mrd)
 - Sandvik Mining, Nokia Solutions and Networks, Valmet Technologies, Garcotech Finland (also software and imaging)
- Wholesale (appr. 6,3 mrd.)
 - Tamro, Santen, F9 Distribution, etc.
- Business Services (appr. 3,6 mrd)
 - Pohjola Insurance, Adecco Finland, Ramboll Finland, etc.
- Forest-based (appr. 3 mrd)
 - UPM, Metsä Tissue, Metsä Board, etc.
- Chemicals, rubber, plastics (appr. 2 mrd)
 - Nokian Tyres, Molok, Kiilto, etc.
- Experience economy (appr. 1,9 mrd.)
 - Amusement Park, YLE Mediapolis, Nokia Arena, theatres, Tampere Hall, etc.



(Source: <https://pirkanmaantalous.fi>)



'A Flowing World'

FLOWS IN FLESH

EXPERTS



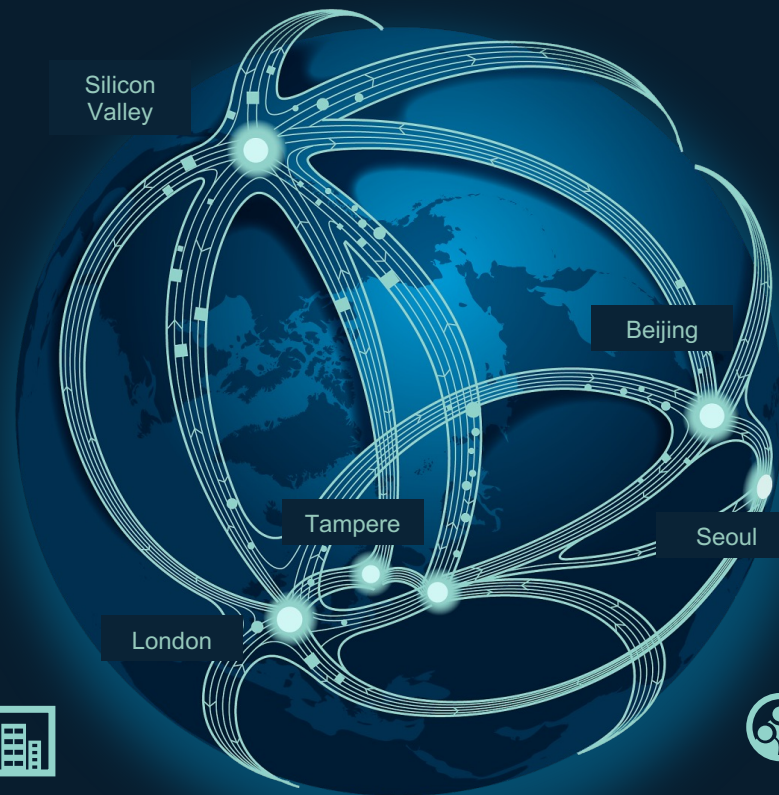
STUDENTS



TOURISTS



FIRMS AND THEIR
FUNCTIONS



VIRTUAL FLOWS



CAPITAL



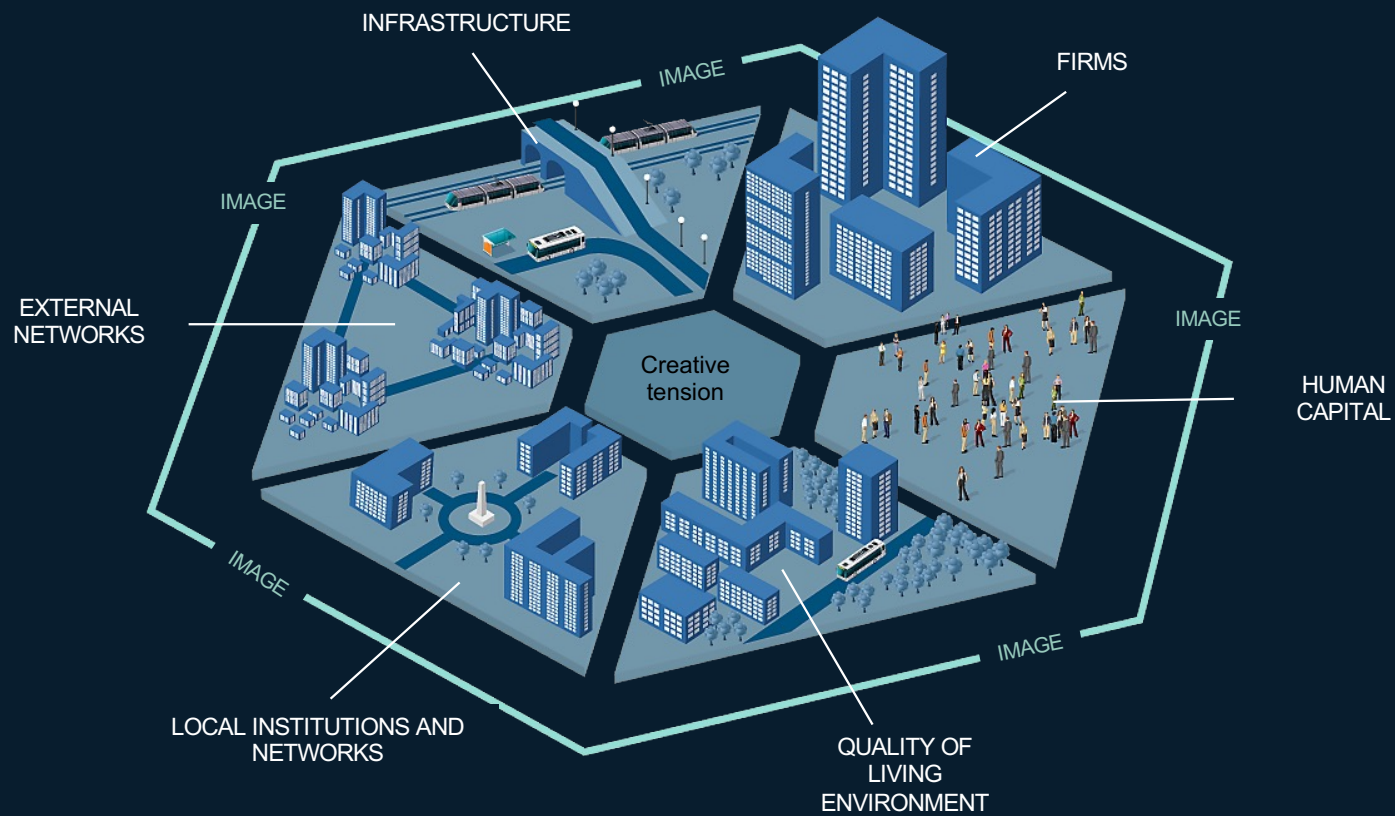
TECHNOLOGICAL
AND
BUSINESS
INFORMATION



CULTURAL
CONTENTS

Basic elements of urban competitiveness

(Linnamaa & Sotarauta 2001)



Path development

Criticism: many of the theories and models related to economic development of regions and innovation systems are too static



Path development

Path dependency

- Explains a current state of affairs from its history
- Explains how existing industrial structures preserve what already is
- Explains how industrial restructuring is slowed down

An entire region may lock into its past (Grapner 1993)

- Cognitive lock-in
- Structural lock-in
- Political lock-in



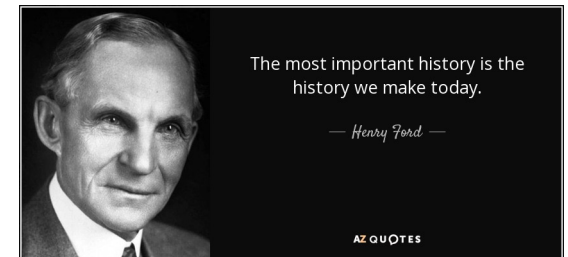
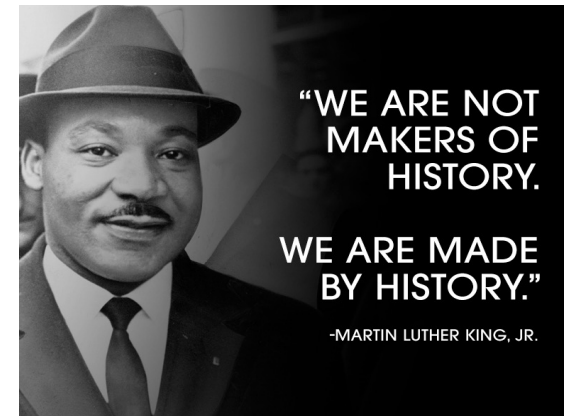
Path dependence and path creation

- Path dependence and path creation (also referred to as new path development) are key concepts in regional development studies (Hassink, Isaksen & Trippl, 2019)
- Path creation or new path development is about ‘the emergence and growth of new industries and economic activities in regions’ (MacKinnon, Dawley, Pike, & Cumbers, 2018a)



History matters

- Continuities of the past include individuals' skills and knowledge, organizational routines, network interdependencies between individuals and organizations, and institutions (Grillitsch and Rekers 2016).
- “[D]ifferent industries within a region may be subject to quite different sources/mechanisms of path dependence (Martin and Sunley 2006)



Path creation

New technologies, new competencies

... refers to emergence and growth of entirely new industries based on radically new technologies and scientific discoveries

Path branching

New functions of technology and competencies

... implies that new regional industrial paths emerge building on the capabilities in existing industries

Path diversification

New technology and competencies based on unrelated knowledge combinations

... is explained as a micro-level process, where firms move into new industries by combining their existing knowledge base with new, unrelated knowledge.

Path extension

Enhancing existing technology and competencies

... is the outcome of incremental innovations in firms. It represents continuity of industrial structures and is first and foremost based on the use of existing knowledge.

Path transplantation

Importing new technologies and competencies

... refers to the setting up of established industries that are new to the region and not related to other industries present in the region

Path upgrading

Fine-tuning existing technologies and competencies

... points to major intra-path changes, that is, changes of an existing regional industrial path into a new direction.

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(Grillitsch et al. 2018; Isaksen et al. 2018)

Silicon Valley

(Source: Kushida 2015)



The Silicon Valley system

- Entrepreneurial experimentation
- Venture capital finance
- Firm specialization and focus
- Open labor markets & information exchange
- Governance via cross-cutting institutions
- Regional economy may adapt when individual firms and even industries don't survive!

The “Secret” of Silicon Valley

- Tolerance of failure
- Hyperactive and risk seeking culture
- Willingness to give back
- Meritocracy
- Obsession to find disruptive innovations
- Tolerance to treachery

Path upgrading
Fine-tuning existing technologies and competencies

... points to major intra-path changes, that is, changes of an existing regional industrial path into a new direction.

Case Lapland

- "Help us" -> champions of experience economy
- From seeing darkness, long distances and low population density as weaknesses to seeing them as assets



Questions, comments...?

