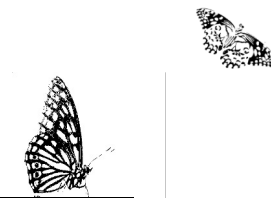


Capabilities and place leadership



The main argument

If we want to change systems, we need (a) to learn how to integrate competencies across organizational boundaries; and (b) capabilities to lead complex constellations towards these ends.



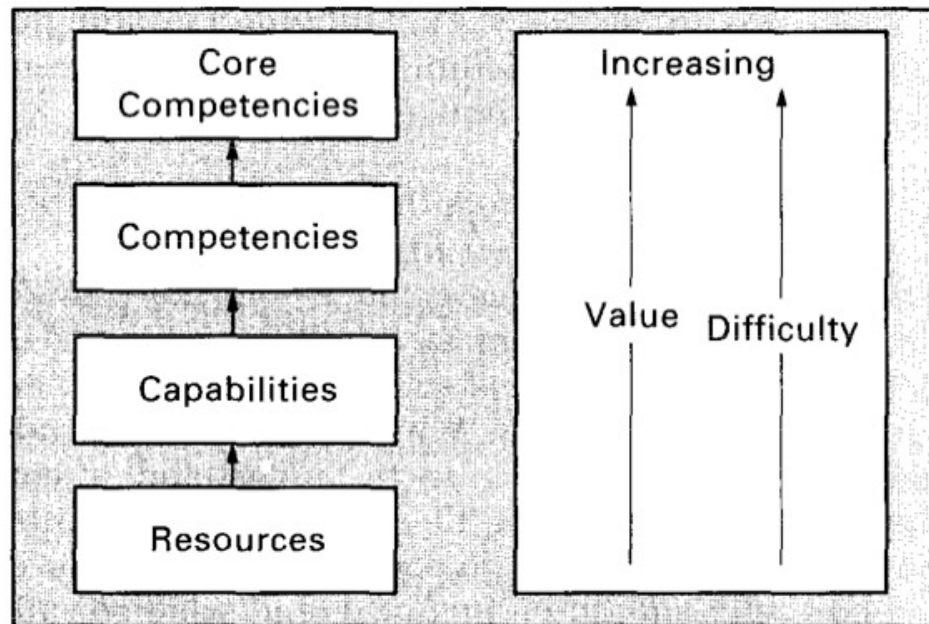


FIGURE 1. The competencies hierarchy.

Resources / assets

- **Information and knowledge** – e.g. universities, other research institutes, firms, and the new knowledge produced in their interaction
- **Physical resources** – e.g. infrastructure, location and logistical connections
- **Firms** – e.g. their expertise, resources and contacts
- **Human resources** – e.g. highly skilled people in the firms and other organizations, research and educational institutes
- **Living-environment-based resources** – e.g. natural environment, built environment, private and public services
- **Financial and material resources** – funds for regional development work, venture capital
- **Connections** – e.g. good external networks and high-level social capital

What's needed:

- Capabilities to utilize existing resources and to find new ones
- Capabilities to direct own resources and thus influence the strategies and operations of other organisations
- Capabilities to skilfully lobby to external financiers and decision makers and creatively utilize of external funding
- Capabilities to see different things as resources in regional development and to utilize them

Capability

- **Capacity** is the quantity and quality of work a region can perform to promote development
- **Capability** is the ability to handle a given matter and the ability to utilise the available resources and to create new ones (Javidan 1998)

- Capabilities are the network's ability to integrate, build, and reconfigure internal and external resources and skills
(applying Teece et al. 1997)
- Dynamic capabilities emphasise leadership and management cutting across all functions (Lawson & Samson 2001)

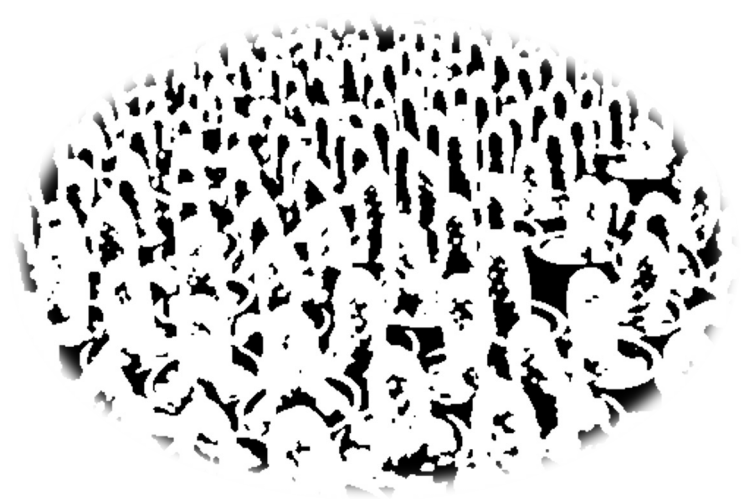
Competencies

- Competence refers to the combining and coordinating of capabilities cutting across functions (Javidan, 1998)
- Core competence is a collective learning process across the system



Competence set is a group of capabilities and competences, which belong together or are usually found together

Conversely, missing and/or poor capabilities and competences may freeze interactive transition processes and lock them in the past



Substance
capabilities

Place
leadership

Process
capabilities

Political and policy
capabilities

Leadership
place

Strategic capability

- Long-term consistency and directions, visioning, etc.

Integrative capabilities

- Institutional capability
 - Regulative, normative, cognitive-cultural
- Networking capability
 - Trust, mutual dependency, loyalty, solidarity, and horizontal co-operation
- Socialisation capability
 - Shared and often tacit knowledge that lead to social integration

Absorptive capability

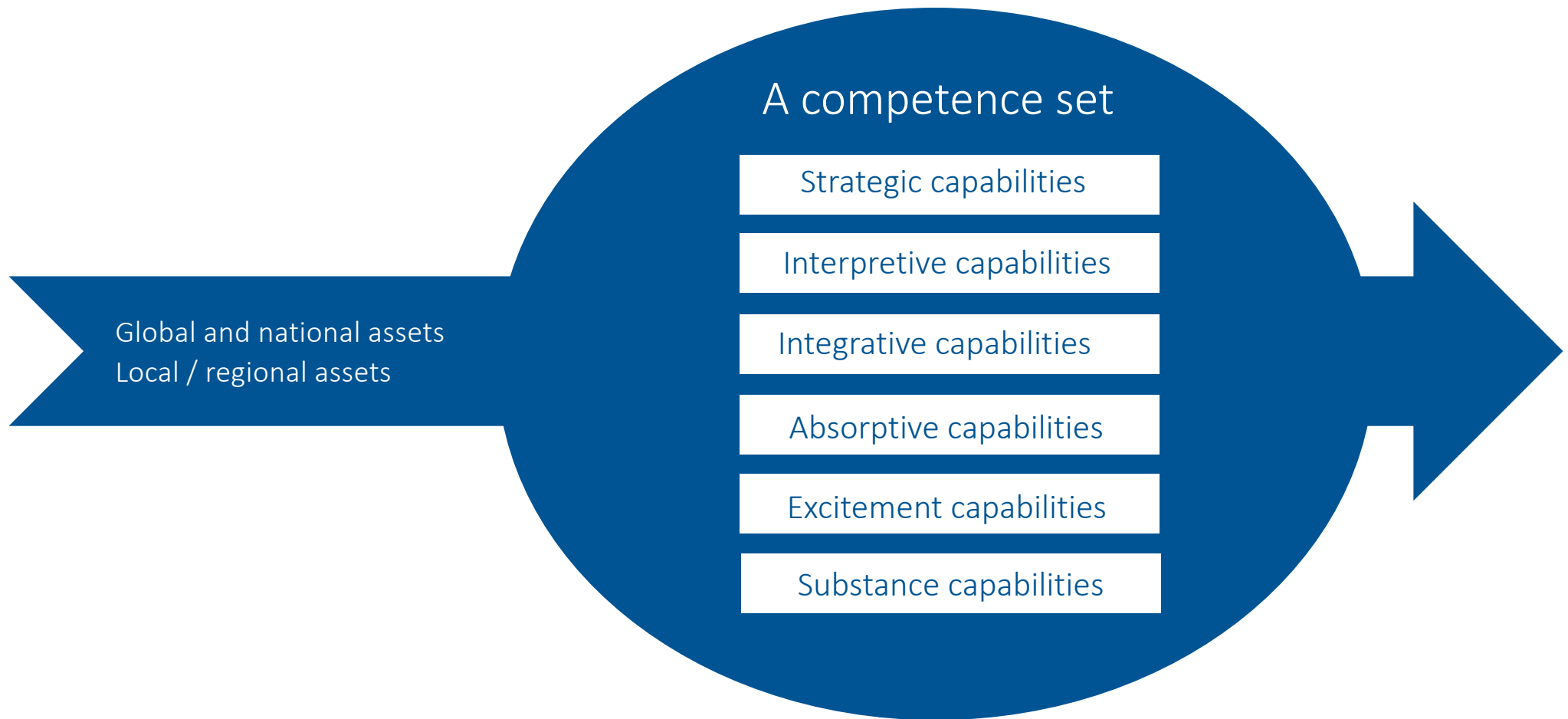
- Abilities to identify, assimilate and exploit knowledge

Interpretive capability

- Abilities to identify, respect and understand other thinking patterns
- Openness and transparency
- Identifying 'dialogue of deaf' and moving beyond

Excitement capability

- Abilities to excite the actors to 'development rebellion' - requires a good sense of drama.



Paper province

Värmland, Sweden



- Packaging materials
- Packaging solutions
- Specialty paper
- Board
- Pulp- and paper machines
- Tissue paper machines
- Components
- Coating machines
- Barriers
- Engineering services
- Bio-energy solutions
- R&D

WE SHALL BE THE
LEADING
COMPETENCE NODE
FOR FOREST BASED
BIOECONOMY

Challenges

- Crisis push stronger than vision pull
- Need to reach beyond the obvious
 - Out of the box thinking
 - Imagination and foresight
- A stronger role for the local university
 - Chemical engineering
 - Service research
- Recognizing the customer is important but not adequate
 - Market hunch
 - Invisible needs
 - Emerging markets
- Sustainable funding



STRATEGIC IDEA

We shall demonstrate bioeconomy in practice

Recommendation 3: Make communication more strategic

Why

- To improve the visibility of PP
- To ensure that everyone of the communication efforts aligns with the overall objectives

What

- Create a storyline with partners and stakeholders
- Select audiences
- Develop a communication mix
- Study main audiences
- Study communication of the PP partners and stakeholders and coordinate

From Paper Province to **Bio Realm** ... or something else

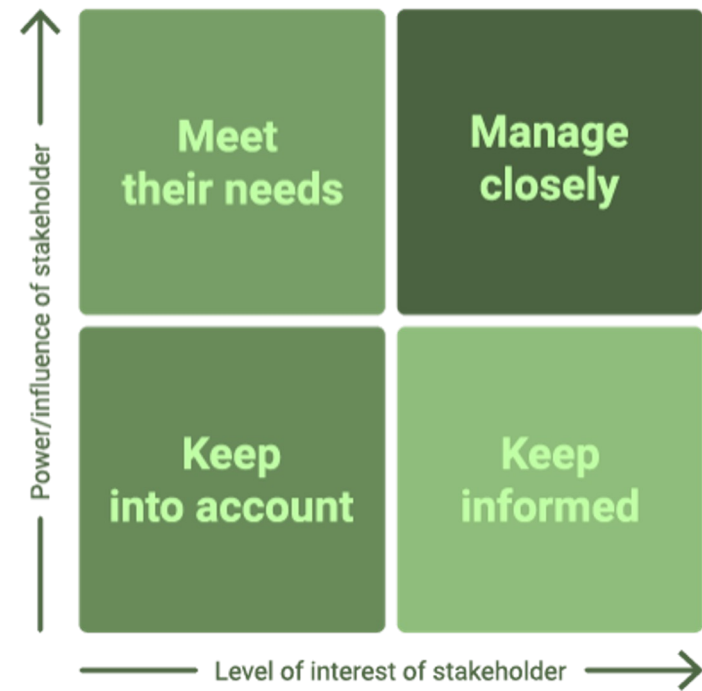
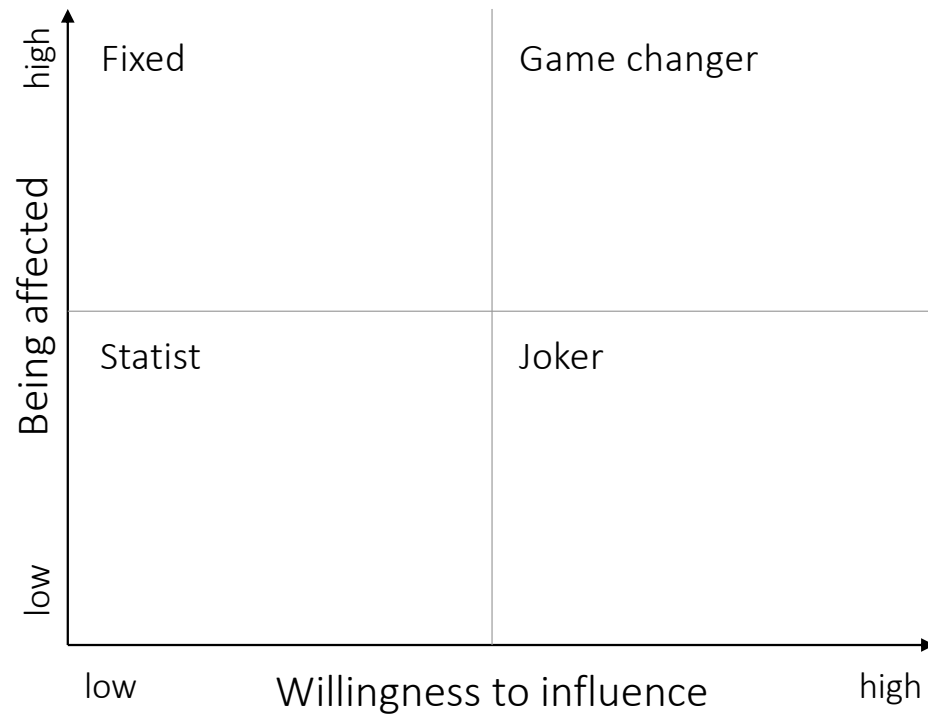
Expectation management

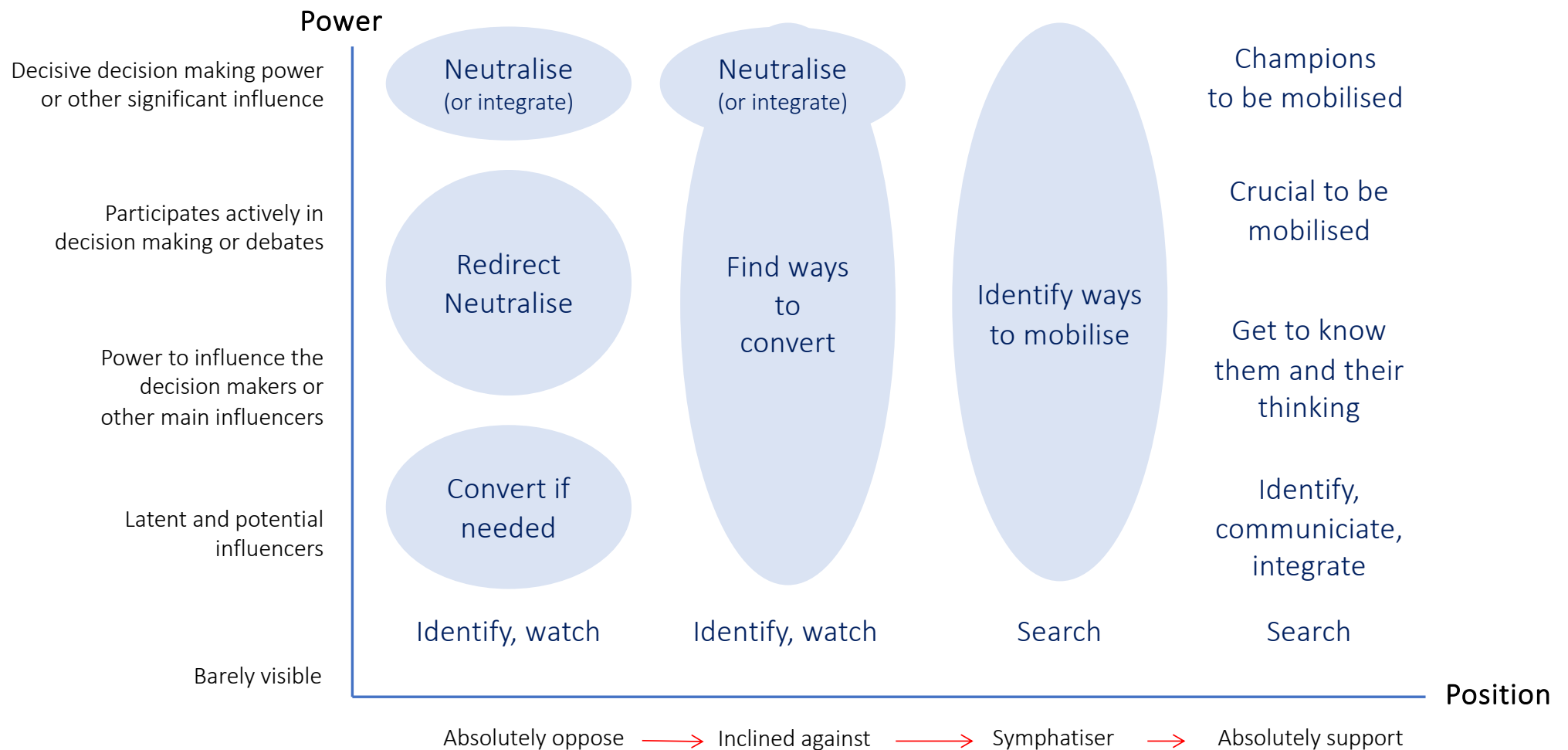
- PP is characterized by high hopes and enthusiasm both in the board, management team and stakeholder network
- Expectations range from contributions to business development to becoming the strongest hub in the world to very individualised organisational wishes and desires
- **A variety of expectations is emerging**
 - Stakeholder needs and ambitions should be better understood and made visible
 - The Board need to become strategic

Expectation management is one of the key ways to lead a complex network with a variety of needs

Expectation management is useful both in identification of new opportunities and facing future disappointments without endangering the well-established collaborative spirit.

Stakeholder analysis



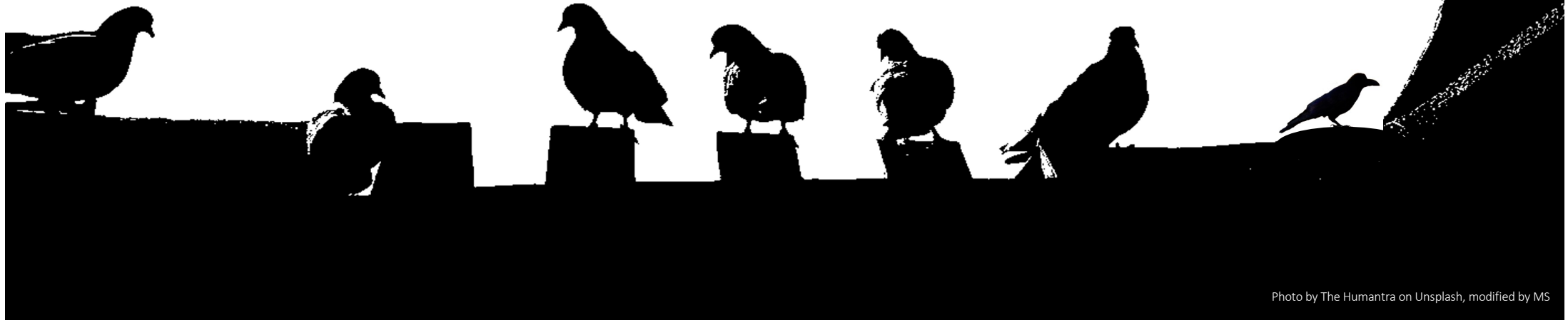


Conclusion

- System capabilities need to, and can be, **analysed** to construct a competence set



- **Learning** new capabilities for local/regional core competencies needs to be systematic
- Construction of a competence set calls for **leadership**





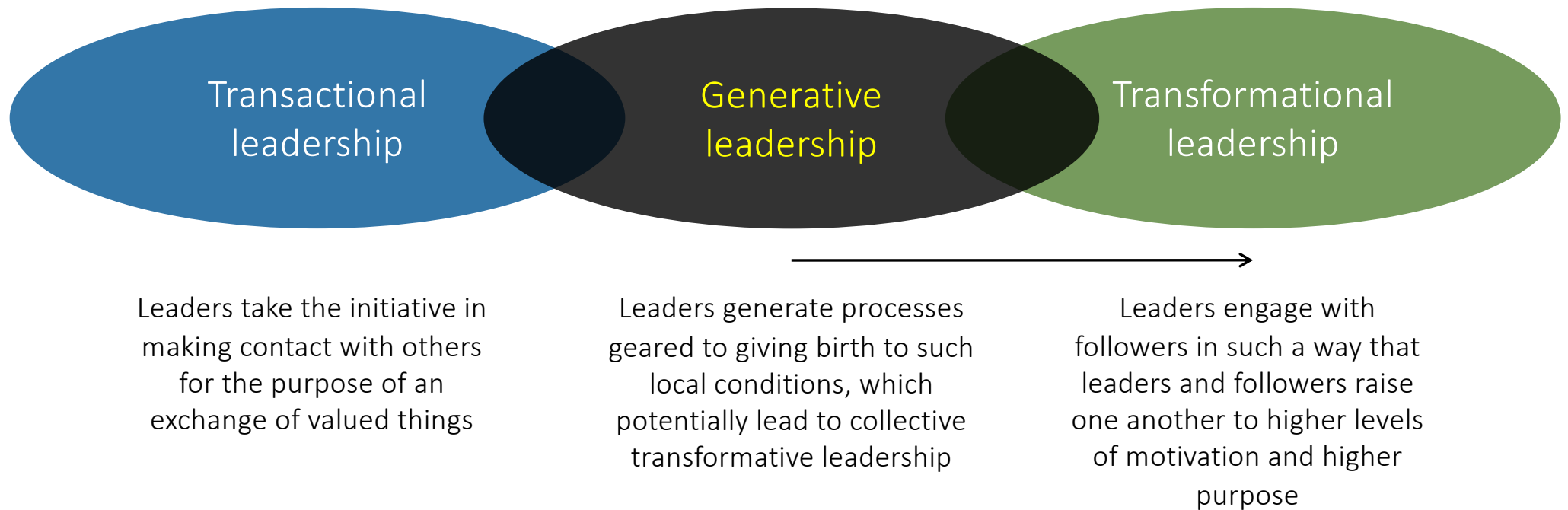
Transformative and generative leadership



- **Transition** is a gradual change process from one state or condition to another.
- **Transformation** refers to a complete and fundamental change of state, the passage from one way of being to another.

- Transformation generally involves institutional changes, while transition is more about reorienting a system.
- Something beginning as a transition may end up transforming a region.
- Institutional change often occurs through small, incremental changes over time (Streeck and Thelen, 2025)
- Thus, transition can ultimately transform a region in the long term.





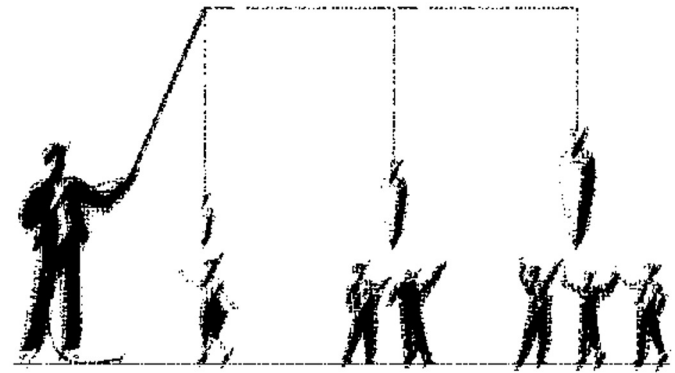
(Burns 1978; Bass & Riggio 2006; Sotarauta 2016)

Transactional leadership

The extent to which a leader provides rewards in exchange for follower's effort (Bass 1985)

Management of place - local or regional government's usual service delivery or administrative functions

Does **not** work to produce systemic changes to achieve, for example, green growth-related ambitions



Transformational leadership

- A process to foster people beyond expectations
- The strong emotional attachment
- The collective commitment to a higher moral cause

The components

- Idealized influence
- Inspirational motivation
- Intellectual stimulation
- Individualized consideration

Measures of transformational leadership

Identifying and articulating a vision

- Behaviour on the part of the leader aimed at identifying new opportunities, and developing, articulating and inspiring others with his or her vision of the future
- Or using the search of a vision to mobilise followers OR brokering existing visions in a place

Providing an appropriate model

- Behaviour on the part of the leader that sets an example for an ecosystem to follow that is consistent with the values leaders espouses.

Fostering the acceptance of group goals

- Behaviour on the part of leaders aimed at promoting cooperation among followers and getting them to work together towards a common goal.

High performance expectations

- Behaviour that demonstrates leaders' expectations for excellence, quality and/or high performance on the part of followers.
- Providing individualized support – behaviour on the part of the leader that indicates that he/she respects followers and is concerned about their personal feelings and needs.

Intellectual stimulation

- Behaviour on the part of leaders that challenges followers to re-examine some of their assumptions about their work and rethink how it can be performed.

- Is regional development **short-term** and **transactive**?

- Action is taken and new strategies formulated, when the need is visible
- Regional development strategies and related leadership all too easily remain in a transactional project mode

- Leaders satisfy themselves in making close agreements on what is expected to be accomplished during the timespan of a project
- Beneficiaries of public money need to contribute to a regional strategy in a predefined way

If all this happens, regional development efforts turn into a transactive management of public funds instead of transformational leadership for the future

Would teams of rivals shake the system?



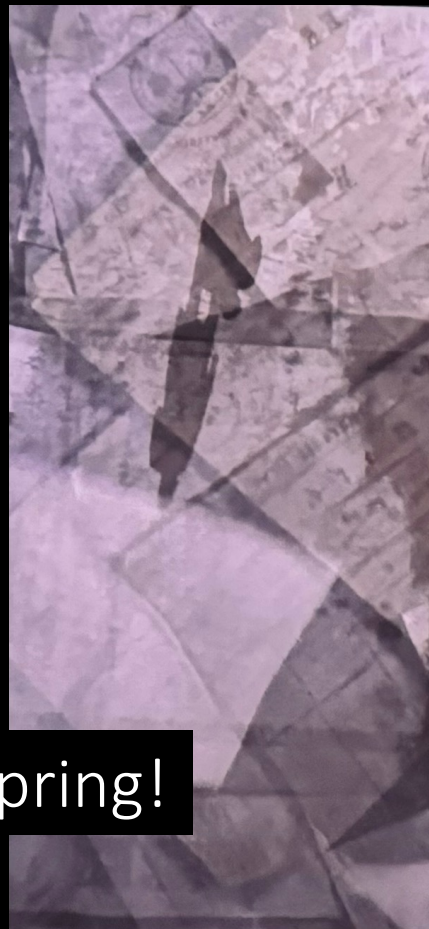
But... steps towards generative leadership

- Many city and regional practitioners define themselves and their organisations as change agents
 - The main purpose is to guide other actors in new directions and to construct spaces for change
 - Most recognise the need for transformational changes but see the limits of achieving them
 - They are aware of their limited capacity to influence in a multi-actor and multi-purpose setting
- City and regional practitioners emphasise often indirect soft measures
 - Awareness raising, coaching, dialogue, visioning on platforms and guiding interaction towards experimentation
 - A continuous **process** for increasing visibility of the given issue and for opening windows of opportunity for new ideas to emerge
 - Generative leadership is about generating processes, monitoring them and shepherding them in desired directions

Generative leadership

- Cause (something, especially an emotion or situation) to arise or come about
 - Changes that are likely to generate controversy
 - Place leadership takes generative modes of action to produce indirectly transformational effects
- The future needs to be discovered, created, made sense of and shaped
 - Requires sophisticated understanding of the place as well as specific processes related to targets of action
 - Leaders need to see beyond generic knowledge of demographics, governance, formal policies and innovation systems as well as local industries
 - Leaders need to focus on individual ambitions, objectives and a variety of reasons to commit to collective action -> a precondition to effective mobilisation.

	Reactive adaptation	Generative leadership
<i>Rules of the game</i>	Leaders identify the existing rules of the game and adapt to them	Leaders search for new rules of the game and influence their emergence and shape the existing ones
<i>Competencies</i>	Leaders focus on identifiable targets for development, e.g. existing clusters	Leaders construct portfolio of competencies in networks to meet the emergent and unexpected forces
<i>Learning</i>	Leaders enhance collective learning for specialisation	Leaders enhance collective learning to meet the emergent and unexpected
<i>Advantage</i>	Leaders find competitive advantage based on existing resources, networks and knowledge	Leaders construct novel advantages based on new knowledge, networks and resources
<i>Resources and ambitions</i>	Leaders match ambitions to existing resources	Leaders leverage new resources by searching for new ambitions through imagining the futures between visions
<i>Objective</i>	Leaders meet the financial targets	Leaders challenge actors and networks with bold intentions



Thank you and enjoy spring!