Schedule

- Monday, March 3 (A062), 14-16
- Monday, March 9 (A062), 14-16
- Tuesday, March 17 (A062), 10-12
- Wednesday, March 25 (A069), 10-12
- Monday, March 30 (A062), 14-16
- Monday, April 13 (A062), 14-16
- Monday, April 20 (A062), 14-16

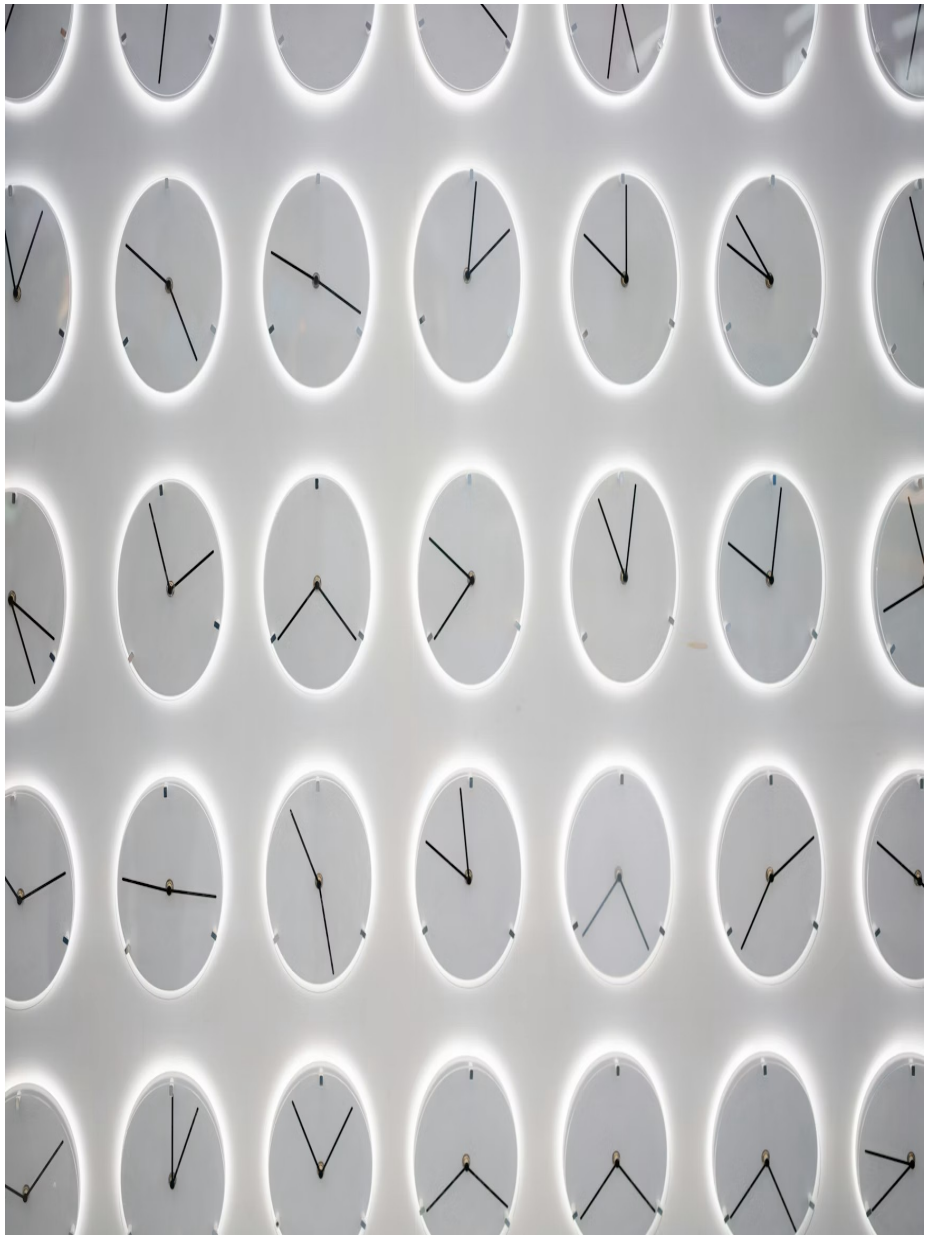

Photo by Donald Wu on Unsplash

Trinity of change agency and opportunity spaces

Placing place leadership into structural explanations and other forms of human agency

Photo by The New York Public Library on Unsplash

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Regional Growth Against All Odds (ReGrow) -project

The question

- Why do some regions grow more (or less) than others with similar structural preconditions?
- What is the role of human agency (incl. place leadership)?

Introduction of a research project

- How did we construct a theory?
- What kind of methodology did we use?
- What did we do?
- What did we find (a comparison and individual case studies)?

Lunds Universitet

Tampere University

University of Stavanger

The theory

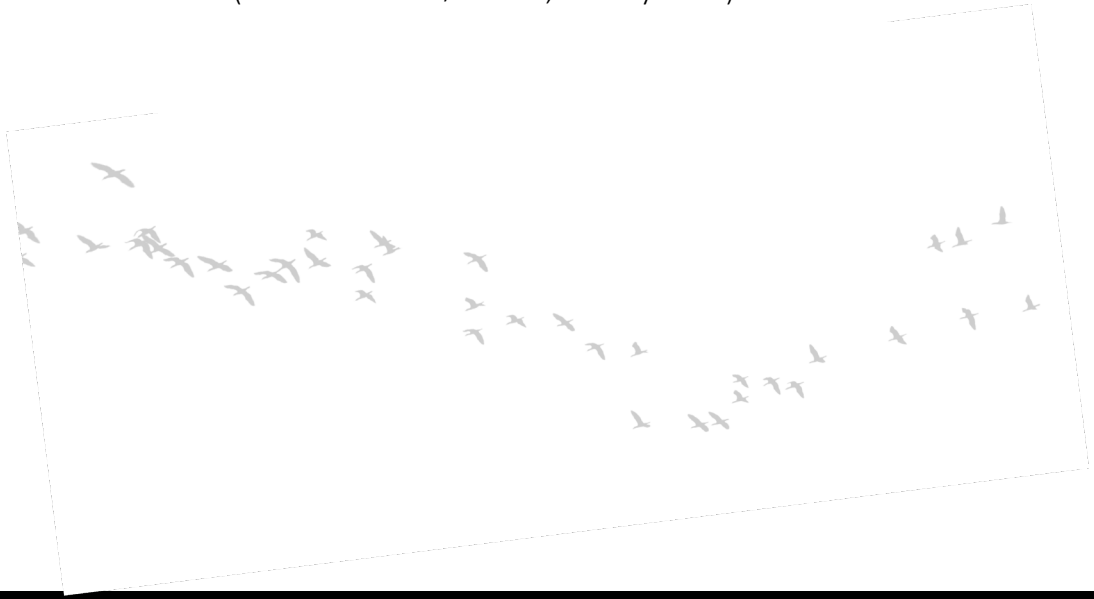
Agency

"The ability of people to act, usually regarded as emerging from consciously held intentions, and as resulting in observable effects in the human world"

(Gregory et al 2009)

“The emergence of new development paths can be understood as processes of **distributed** and **embedded agency”**

(Garud and Karnøe 2003, Dawley 2014)



“Actors mobilize the past not necessarily to repeat or avoid what happened, but, instead, to **generate new options**

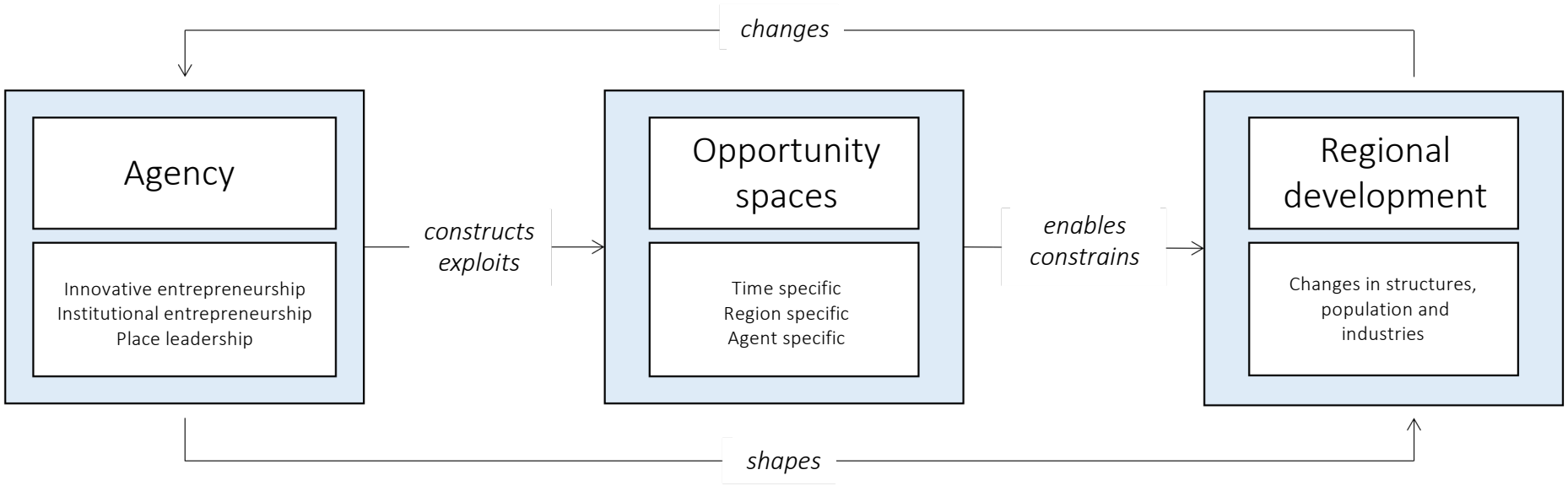
(Garud et al 2010)

“A temporally embedded process of social engagement, calling for a strong capacity to **interpret past habits and future prospects**”

(Emirbayer & Miche 1998)

Photo by clockinskyl on Unsplash

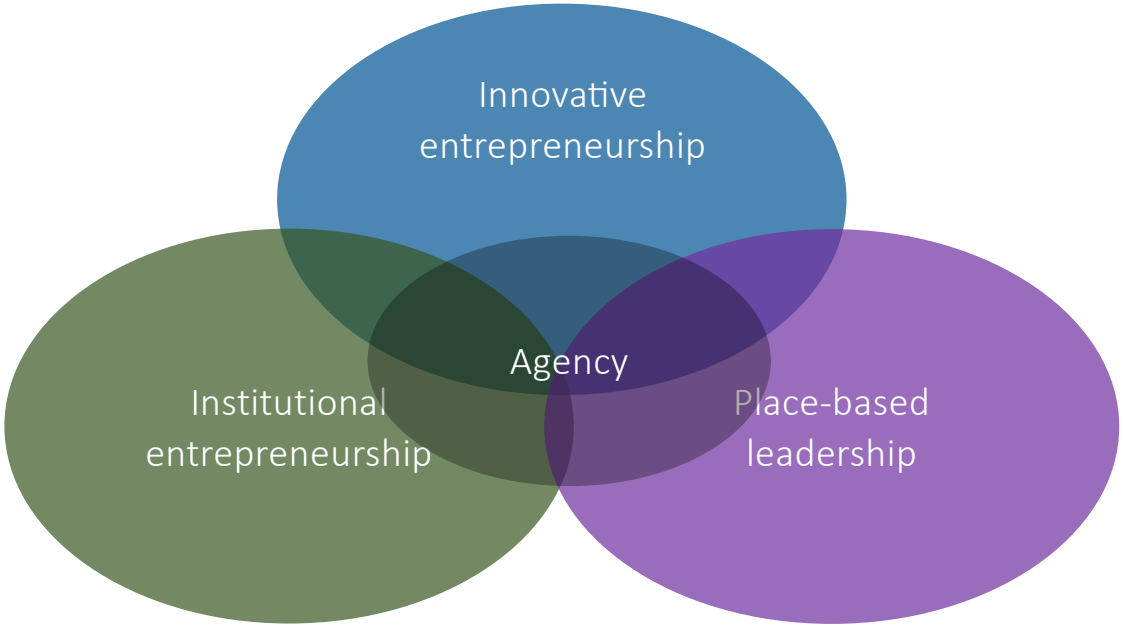
Trinity of change agency and opportunity spaces



Grillitsch & Sotarauta, 2020

Trinity of Change Agency

Connects three types of agency originating in different fields of literature



(Grillitsch & Sotarauta 2020)

Entrepreneurship

Nexus of the present opportunities and the presence of actors that perceive and strive to realize them

(Shane and Venkataraman 2000)

Place leadership

Mobilization and coordination of diverse groups of actors to achieve collective effort for enhancement of the development of a place

(Sotarauta et al 2017)

Institutional entrepreneurship

Challenging existing rules and practices and work to institutionalize the alternative rules and practices they are championing

(DiMaggio 1988)

Institutional Theory and Institutional Economics-Based Institutional Entrepreneurship

(Pacheco et al 2010)

Dimension	Institutional Theory	Institutional Economics
Nature of an entrepreneur	• Institutional entrepreneur is broadly defined as a change agent • No self interest required	• Institutional entrepreneur is a change agent driven by economic motivation • profit-seeker; exploiter of economic opportunity
Types of institutions	• Focus on informal and socially embedded institutions • Institutionalised practices, belief systems	• Focus on formal institutions (property rights, government policy) • Codependency between formal and informal.

Institutional Theory and Institutional Economics-Based Institutional Entrepreneurship

(Pacheco et al 2010)

Dimension	Institutional Theory	Institutional Economics
Determinants of institutional entrepreneurship	• Political and social pressures • Legitimacy and power • Structure of the organizational field • Individual-level characteristics	• Focus on functional and economic pressures ○ Market conditions and transaction costs ○ Technological change
Mechanisms for institutional change	Focus on: • Theorisation • Framing • Emphasis on collective action	• Focus on contractual and self-enforcement strategies

Institutional Theory and Institutional Economics-Based Institutional Entrepreneurship

(Pacheco et al 2010)

Dimension	Institutional Theory	Institutional Economics
Empirical focus	• Organisational field as the level of analysis • Focus on the *process* of institutionalisation and strategies employed	• Emphasis on the *outcome* of institutionalization • Attention to unintended and negative consequences

Opportunity space

Opportunity space: the limits and possibilities of regional development in a specific place at a certain point in time.

'**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

Agents have different kinds of capabilities and perceptions concerning opportunities.

Capabilities differ e.g. due to their position in networks.

Absolute – Relative - Perceived

Adapted from Grillitsch and Sotarauta (2020)

Methodology and the implementation

Methodology

How to study?

How would it be possible to study agency/structure relationship?

Regional Growth Against All Odds (ReGrow)

Extreme cases - regions that have, in certain periods, grown significantly more/less than what could be expected given their structural preconditions – outlier regions

(Grillitsch, Martynovic, Fitjar, Haus-Reve, 2021)

Photo by Jannes Glas on Unsplash

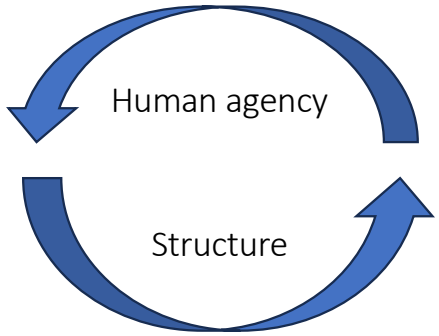
We see city and regional development as a
world of becoming, as open-ended, complex and unpredictable

Agency is best studied in its full complexity by situating it in the flow of time and structural preconditions

An option?

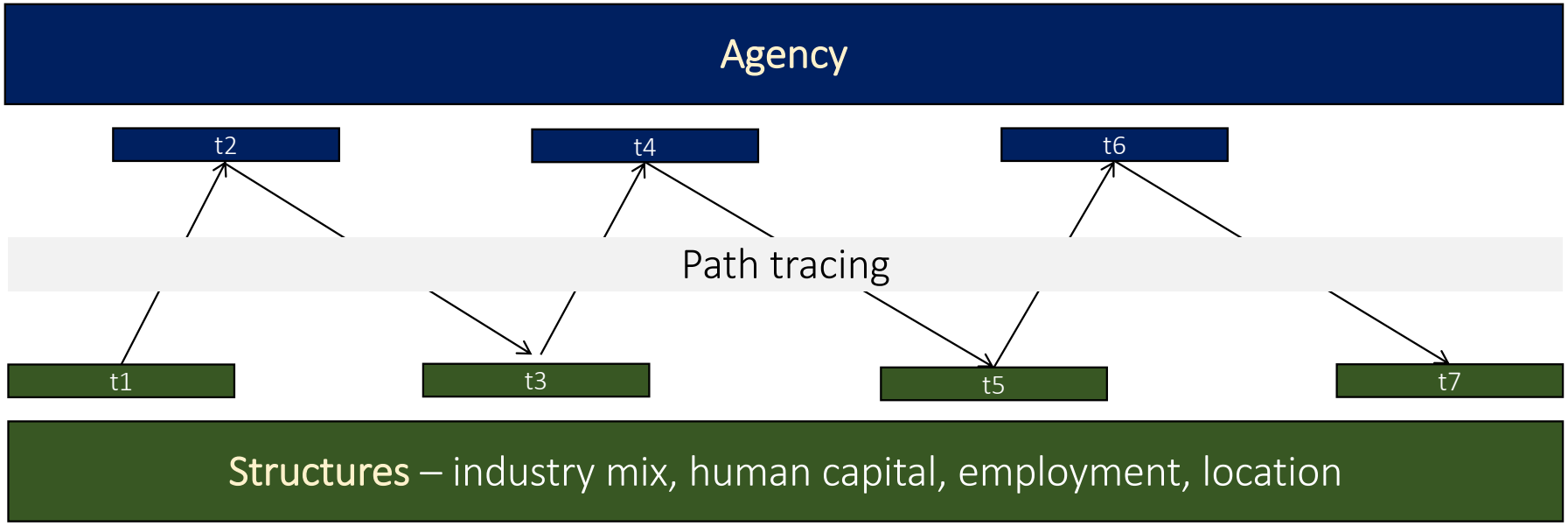
Agency and structures as Anthony Giddens see it

- The **theory of structuration** is a social theory of the creation and reproduction of social systems that is based on the analysis of both structure and agents without giving primacy to either.
- The duality of structure refers to human agency and social structure each acting as an enabling condition of the other



Gidden's theory is very hard to operationalise for an empirical study!

Analytical duality of agency and structure (Archer 1982)
for the investigation of why and how structures condition agency, and how agency subsequently changes or reproduces structures (Sotarauta & Grillitsch, 2023)



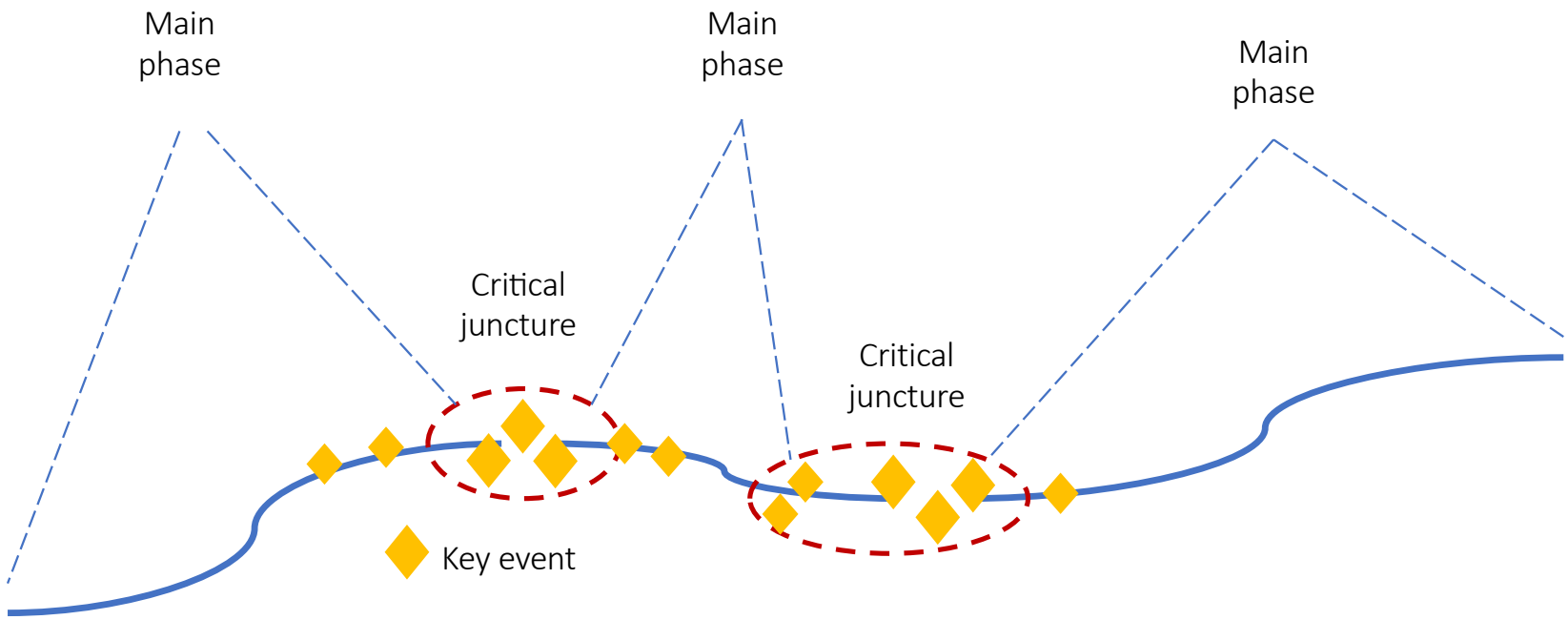
Path tracing

(Sotarauta & Grillitsch, 2023)

- not only shows whether something changed, but how and why changes took place (Punton & Welle, 2015)
- identify and examine intermediate steps in a process for making inferences on how a process unfolded (George & Bennett, 2005; Beach & Pedersen, 2013)

1) identify key events
2) present event sequences
3) specify dependencies in temporal sequences
4) evaluate basic assumptions of final causality, a generative mechanism or plotline for identification of the plot
5) present a coherent pattern integrating various elements of the identified process

(Poole et al. 2000)


Main
phase
Main
phase
Main
phase
Critical
juncture
Critical
juncture
Key event

Criteria that determine whether a system is at a **critical juncture** or not:

- multiple processes - a variety of outcomes is conceivable
- contingency - several future events are possible, which cannot be predicted precisely
- timing and sequencing – temporal order of events is identifiable
- inertia – a new main phase is again resistant to change efforts compared to situation during a critical juncture

(Pierson 2004)

Key event is an identifiable activity that allows inferences to be made about the actors performing the act

(Makkonen et al. 2012)

Key events are either changing a direction of a process or maintaining it.

Multiple key events lead to a critical juncture, some of them taking place prior to or after a critical juncture.

Basic elements (Re: critical junctures and key events)

- Key actors and their relationships, a thread connecting agency to unfolding sequence of events and structures
- Identifiable narrative voice, a dominant coherent narrative and core narrators
- Situatedness, a specific context for narratives
  - Industry, governance, geography

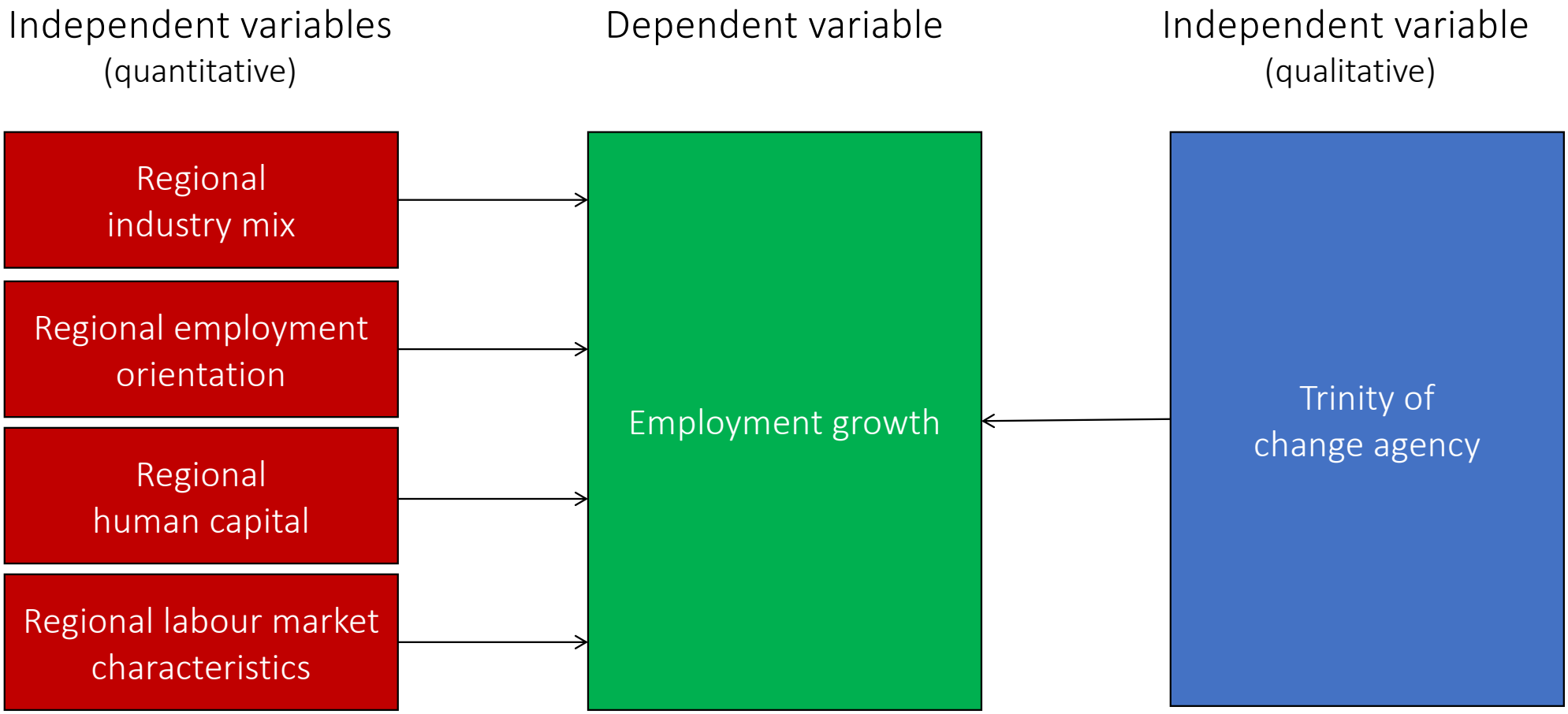
- Event-sequencing, the key events demonstrating disruptions into a story world
- World-making of actors reveals meanings to pressures of events for actors undergoing disruptive experiences
- "Canonical" frame of reference, in other words the moral context

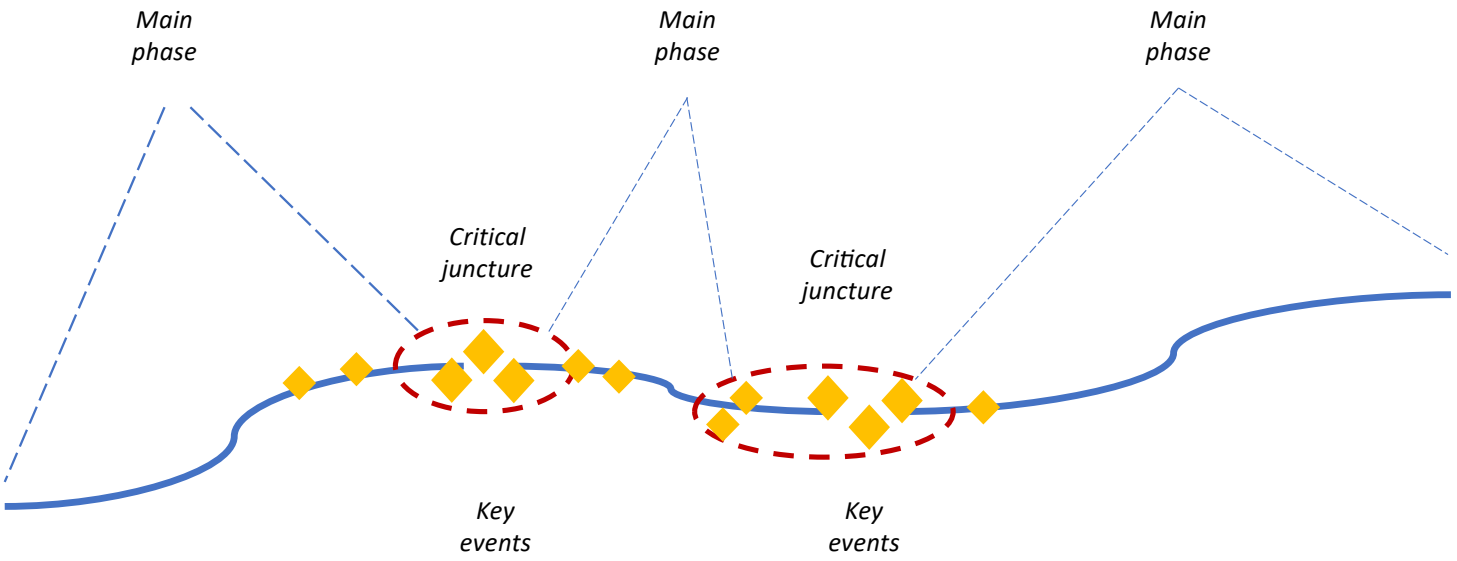
(applying Pentland 1999; Hermans 2009)

Implementation - the first empirical step

- Differentiation between two components of regional development
  - 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



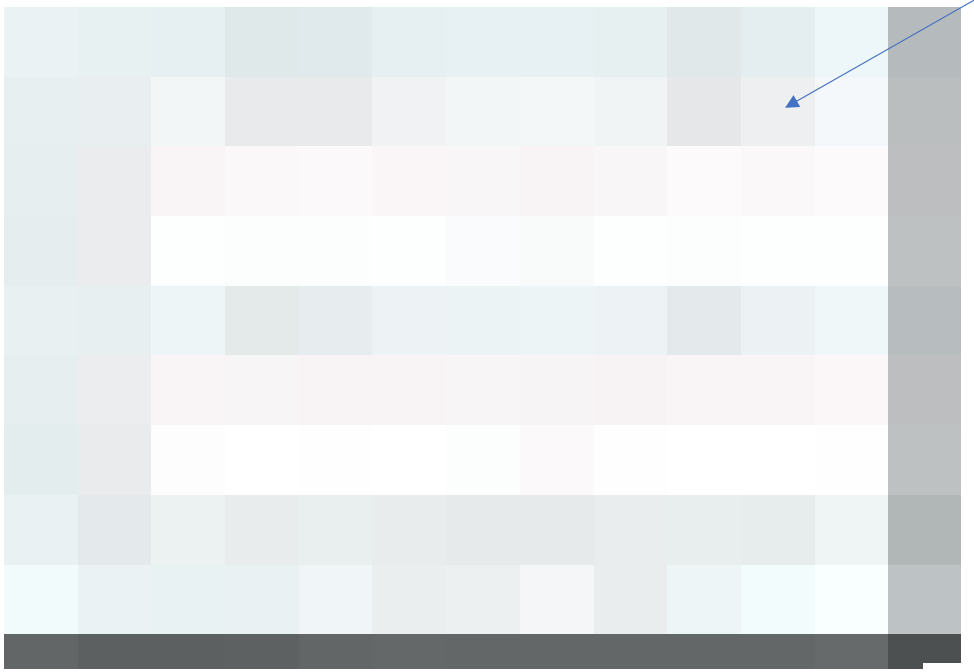

Main phase
Main phase
Main phase
Critical juncture
Critical juncture
Key events
Key events

After considering structural factors, a part remains unexplained, which is captured by the residual.

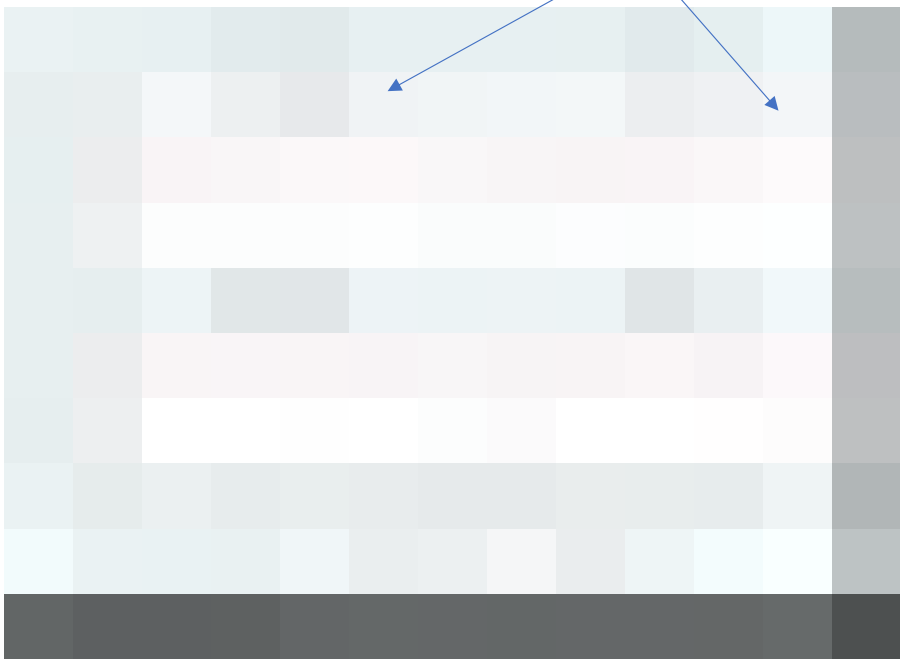
By plotting regional employment versus the residual, it is possible to see how much remains unexplained.

Structure explains growth

Growth but significant part remains unexplained



Examples of regions with low residuals



Examples of regions with hi residuals

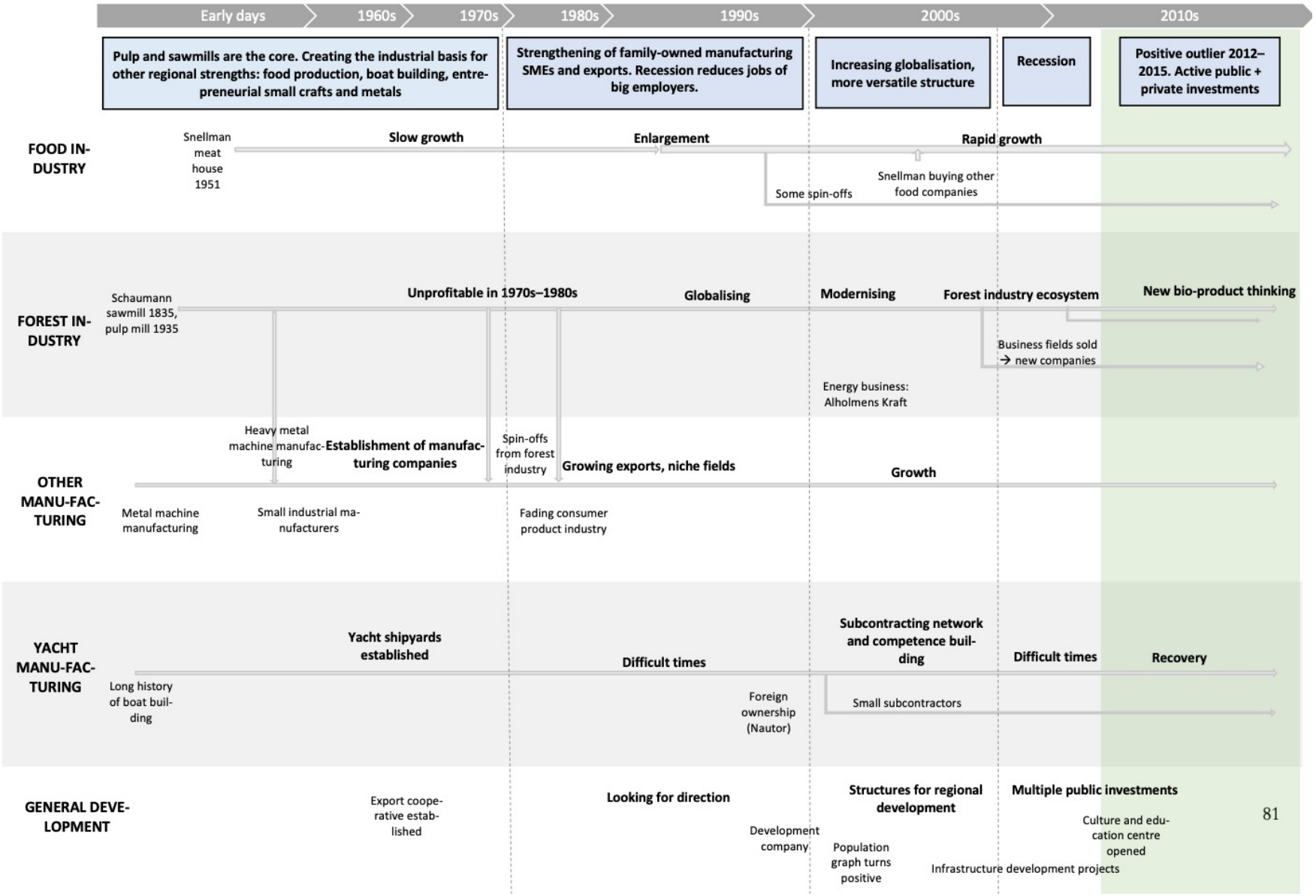
	Declined employment	Increased employment
Better development than estimated	**The period of perseverance** (sinnittelyn kausi) • Joutsa sub-region 2001-2005	**The period of over performance** (ylisuoriutumisen kausi) • Helsinki metropolitan area 1998-2001 • Jakobstad sub-region 2012-2015 • Salo sub-region 1996-2001 ja 2004-2008 • Koillis-Savo sub-region 2007-2011 • Pohjois-Satakunta sub-region 2004- 2007
Worse development than estimated	**The period of sinking** (Vajoamisen kausi) • Varkaus sub-region 2008-2011 • Keski-Karjala sub-region 2011- 2015 • Raahe sub-region 2001-2005 • Salo 2009-2015 • Eastern Lapland sub-region 2002-2006	**The period of under performance** (alisuoriutumisen kausi) • Helsinki metropolitan area 2003-2006 • Northern Lapland sub-region 1998-2001

Implementation - the second empirical step

- Case selection (regions & time periods) based on step 1
- Selection principles
  - Extreme case selection (regions that are particularly good or bad in using their opportunities)
  - High variation of cases

The third empirical 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 (180 interviews)

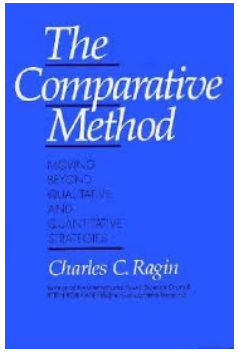

Early days
1960s
1970s
1980s
1990s
2000s
2010s
Pulp and sawmills are the core. Creating the industrial basis for other regional strengths: food production, boat building, entrepreneurial small crafts and metals
Strengthening of family-owned manufacturing SMEs and exports. Recession reduces jobs of big employers.
Increasing globalisation, more versatile structure
Recession
Positive outlier 2012–2015. Active public + private investments
FOOD INDUSTRY
Snellman meat house 1951
Slow growth
Enlargement
Rapid growth
Some spin-offs
Snellman buying other food companies
FOREST INDUSTRY
Schaumann sawmill 1835, pulp mill 1935
Unprofitable in 1970s–1980s
Globalising
Modernising
Forest industry ecosystem
New bio-product thinking
Business fields sold → new companies
Energy business: Alholmens Kraft
OTHER MANUFACTURING
Heavy metal machine manufacturing
Establishment of manufacturing companies
Spin-offs from forest industry
Growing exports, niche fields
Growth
Metal machine manufacturing
Small industrial manufacturers
Fading consumer product industry
YACHT MANUFACTURING
Yacht shipyards established
Difficult times
Subcontracting network and competence building
Difficult times
Recovery
Long history of boat building
Foreign ownership (Nautor)
Small subcontractors
GENERAL DEVELOPMENT
Export cooperative established
Looking for direction
Structures for regional development
Multiple public investments
Development company
Population graph turns positive
Infrastructure development projects
Culture and education centre opened

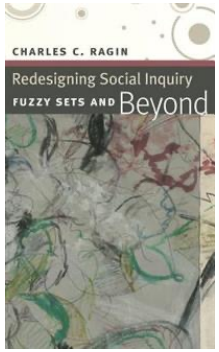
The fourth empirical step – the case comparison

Qualitative Comparative Analysis (QCA)

- Bridges qualitative and quantitative analysis
- Requires in-depth knowledge of cases
  - But also findings that can be generalised across wider populations
- Respects the diversity of cases and their heterogeneity with regard to their different causally relevant conditions and contexts by comparing cases as configurations

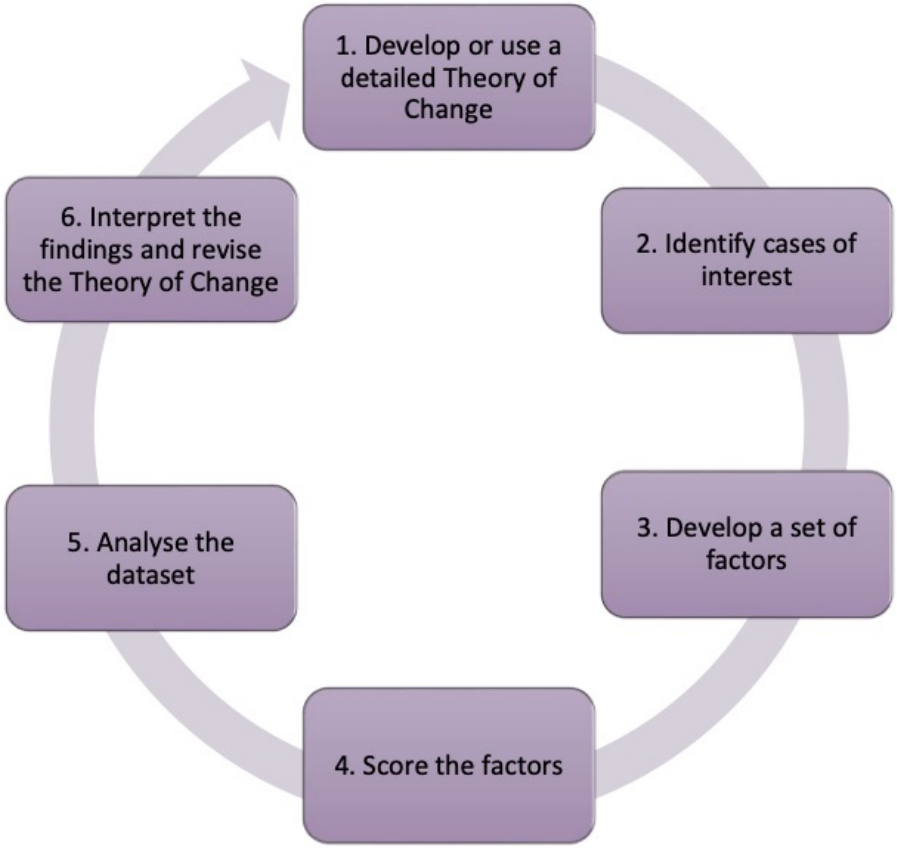
- Based on two assumptions
  - Change is often the result of different combinations of factors, rather than on any one individual factor
  - Different combinations of factors can produce similar changes (Ragin 1984)





New path development explained by combinations of five conditions

- Regional preconditions for innovation and entrepreneurship
- Innovative entrepreneurship
- Institutional entrepreneurship
- Place-based leadership
- Crisis



Some results

Routes to path development

Route 1: Innovation-driven new path development in non-crisis times (innovative entrepreneurship)

Route 2: Institutional entrepreneurship driven new path development in non-crisis times

Route 3: System-based new path development in non-crisis times

Route 4: Trinity of Change Agency in crisis times

Route 5: Favourable preconditions combined with innovative entrepreneurship and place leadership in crisis times

(Grillitsch, Sotarauta, et al. 2022)

Route 1: Innovation-driven new path development in non-crisis times (innovative entrepreneurs)

The success years in **Salo** (Finland): Nokia and Microsoft dominated trajectory

Jakobstad (Finland):

- Continuous innovative entrepreneurship inspired by local and international networks
- A gradual diversification of the industry, despite individual innovation often being of a rather incremental nature
- Collective and business-led place-based leadership

Route 2: Institutional entrepreneurship driven new path development in non-crisis times

Kirkenes (Norway): From iron ore mining to capitalizing on wilderness and location in the arctic

- Tourism as an industry not valued - industry fragmented, poorly developed - uncompetitive small firms
- Local entrepreneurs initiated more concerted efforts to change attitudes for tourism development

Arendal (Norway): known for its oil and gas service suppliers and the electronics industry

- The local and regional government, HEIs and firms worked to strengthen firm–university linkages.

Route 3: System-based new path development in non-crisis times

Kiruna (Sweden): an innovative entrepreneur kicked off high-end winter tourism by introducing the ice hotel 1989

- Institutional and innovative entrepreneurship shaped regional preconditions for what is today – local networks exploiting the new path

Route 4: Trinity of change agency (TCA)

Karlshamn (Sweden), the dominant food industry lost its position

- A number of actors from the municipality, higher education and business sector worked to shift industrial paths from blue-collar jobs to the knowledge economy

In Mo i Rana (Norway), institutional entrepreneurs played a role in changing the mindset, a precondition for the subsequent collective mobilization of resources (place leadership) and increased innovative entrepreneurship.

Route 5: Innovative entrepreneurship and place leadership embedded in strong regions

Ulsteinvik (Norway) - a global hub of offshore vessels - strong networks at the local, national, and international scales

- Favourable regional preconditions combined with innovative entrepreneurship and place-based leadership
- Firms, municipalities, and support organisations bundled at Ålesund Knowledge Park to mobilize support to finance and to provide the required competences for the reorientation