

Markku Sotarauta, Sami Sopanen, Jari Kolehmainen & Heli Kurikka

Place Leadership as a Mobilisation of Assets

Town of Salo, Nokia and Microsoft as a case in point



1 Introduction¹

For some time, we have argued that regional development scholars tend to forget that it is easier to identify the ingredients of success or failure in retrospect than to outline paths to the future in the middle of ambiguous situations (e.g. Sotarauta, 1996; 2001). As a result, we can inform about the importance of clusters, innovation systems, or knowledge bases but are less competent in advising how to mobilise heterogeneous sets of people and organisations to work collectively toward the future instead of securing their individual interests in the here and now.

The growing interest in leadership in the city and regional development, discussed in this chapter under the umbrella of place leadership, reflects a conviction that leadership is one of the determinants in explaining why some cities and regions enjoy greater economic and social prosperity than others (Beer & Clower, 2014; OECD, 2015). Place leadership is one of the central components in understanding why and how some places can transition toward new development paths, while many others, starting from supposedly similar structural conditions, experience stagnation (Bellandi, Plechero & Santini, 2021). Moreover, it would be necessary to recognise how oligarchic leadership may try to lock a local economy into obsolete markets despite emerging novel opportunities (Bellandi, Plechero & Santini, 2021). Overall, we have much to learn about place leadership—both its constructive and negative sides.

In regional development, a great variety of actors seek to influence the course of events, none of them having a monopoly on decision-making or leadership (Horlings & Padt, 2013). Therefore, we need to investigate how local actors navigate placeless powers (Hambleton, 2015), unpredictable economic-social-political forces, and various place-based needs and intentions of a variety of actors. For these reasons, the growing academic interest in city and regional leadership development has led to a steady stream of theoretical and empirical studies (see Beer, Sotarauta & Ayles, 2021). In these studies, place leadership is approached as both a cause and consequence of relationships between an array of potentially influential actors, ranging from local or regional authorities to varied public, private, community, and civic organisations (Hambleton, 2015). Importantly, place leadership is not only associated with local political or managerial leaders (Vallance, Tewdwr-Jones & Kempton, 2019).

To study place leadership is to examine how people direct open-ended, multi-actor, and potentially conflicted development processes. We emphasise leadership, as it is concerned with the search for social purpose (Gibney & Nicholds, 2021), facilitating transformation (Hu & Hassink, 2017), and finding ways to build institutional arrangements (Horlings, Roep & Wellbroek, 2018). We acknowledge the importance of a maintenance agency (Baekkelund, 2021), but, as regional development is, at its best, transformation of places, and as the visible and predictable is not hard to achieve, we focus on the mobilisation of assets for the novel and unpredictable. Specifically, we focus on what local actors can do for their places without abundant resources or significant power when facing the abrupt decisions of placeless

¹ Cover photo by Rayson Tan on Unsplash

power-holders. Specifically, we examine how place-based leadership deals with the plant closures of major corporations. A representative case is the town of Salo, studied here in the context of the closures of Nokia's and Microsoft's units.

The Chapter's main objective is to shed light on place leadership as asset mobilisation. The research questions are: (a) how does a small town mobilise assets for local economic development in times of adversity; (b) what are the assets place leaders mobilise; and (c) who are the place leaders (Baekkelund, 2021).

2 Place leadership and asset mobilisation

The concept of place leadership is embedded in a relational conception of place and agency (Amin, 2002; Cresswell, 2004; Grillitsch & Sotarauta, 2020). Relationality is reflected in how the OECD (2012) highlights the ways formal and informal institutions facilitate interaction among key actors, mobilising and integrating them into collective development processes. In addition, the OECD (2012) further emphasises 'institutions that strengthen the region's voice in dealing with other regions and countries and those that foster linkages among the private, public and education sectors'. (OECD, 2012, 25). From a relational perspective, place leadership is a nexus of local and global forces and internal and external assets, powers, and capabilities. Place leaders act at the intersection of different intentions, interests, and aims, identifying and using a range of influence tactics for varying situations (Sotarauta & Beer, 2021). They span, disrupt, and erode established boundaries, considering a multiplicity and novelty of relations and practices (Horlings, Collinge & Gibney, 2017). Consequently, place leadership is a unique form of leadership, as, by definition, it is displayed in social settings, in which both leaders and followers may exercise influence (Collinge & Gibney, 2010). The relationship between leaders and followers is thus not predeterminate but earned; it is subject to changes in time.

Ambiguity, complexity, and information overload are defining features in regional development settings, and place leaders must operate amid conflicting and converging processes. In the midst of complex situations and various ambitions, place leadership should aim to construct collective volition for effective and sustainable system-wide advances in local economic development. Volition refers to the faculty or power of using one's will, and, thus, collective volition concerns a series of aligned decisions made by many actors regarding the decision to act, including what actions to perform and when to perform them (applying Haggard, 2008).

We approach place leadership as the mobilisation of key assets. As Sotarauta and Beer (2021) argue, there would be no leaders or followers without mobilisation. Drawing on their case study of Newcastle-upon-Tyne, Vallance, Tewdwr-Jones, and Kempton (2019) observed, 'actors can mobilise interpretive and network forms of power outside formal governance structures to encourage long-term thinking and broker innovative cross-organisational projects'. Applying the *Oxford Dictionary of English* (2010), we define *mobilisation* as 'the action of organising and encouraging a group of people to take collective action in pursuit of a particular objective' and 'the action of bringing resources into

use for a particular purpose'. Mobilisation is also about making something capable of moving. Crucially, it is about identifying assets (i.e. valuable sources of power, capabilities, financial and other resources, and actors possessing these or other assets). The identification of asset availability, the exercise of assets, and responses to the exercise of assets by other actors are central in the analysis of asset mobilisation (Faulconbridge, 2012). The analysis of asset mobilisation focuses on (1) asset availability or the construction of assets; (2) the practices of exercising assets; (3) the capacity to exploit assets; (4) responses to the exercising of assets by contending parties; and (5) key actors and processes in mobilisation (Faulconbridge, 2012).

Place leaders use a combination of influence tactics and play various roles in mobilisation processes. To mobilise assets, in some cases, place leaders adopt direct and institutional leadership positions, while, in other cases, the role is more subtle and indirect—but still significant (Sotarauta, 2009). In some situations, to gain respect to use assets available in networks place leaders need to play position games and secure an established role in formal and informal networks that may be important for their place (Horlings & Padt, 2011). Bowden and Liddle (2018) use the metaphor of the 'driver' to discuss leaders who use their social capital and organisational or personal position and reputation to mobilise key actors to join them in a partnership. Drivers are catalysts of the construction of a shared sense of purpose.

According to Bowden and Liddle (2018), 'navigators' also play critical roles; they are the ones who respond to internal and external stimuli and a spectrum of needs, simultaneously working to avoid threats and tension. Navigators work to position the partnership between the myriad of potentially conflicting institutions to successfully sustain the development strategy. Bowden and Liddle (2018) also emphasize the importance of securing core funding and additional project funding; thus, they also discuss 'mechanics', individuals who provide technical expertise. Mechanics search for institutional support from higher levels of governance or politics. Drawing on their empirical analysis of leadership in eight local development projects in the Netherlands, Horlings and Padt (2011) concluded that place leaders frame local development issues by telling their stories repeatedly. They search for knowledge external to their places and beyond their own established social networks. Place leaders move between the worlds of business, policy, and academia at different scales to identify and mobilise the assets needed to develop their place (Horlings & Padt, 2011).

We group the above observations into three main types of place leadership: interpretive leadership, network leadership, and formal (institutional) leadership (Hu & Hassink, 2017; Sotarauta, 2016). According to Hu and Hassink (2017, 227), 'interpretive leadership is an interactive and integrative process by which a leader uses skills and capabilities to affect existing actors' perceptions and mindsets'. These actions aim to renew actors' cognitions, inviting them into a new visionary context for future change (Sotarauta, 2016; Hu & Hassink, 2017). Interpretive leadership builds on new concepts, models, and thinking patterns that make other actors see things differently (Sotarauta, 2009). To make progress in collective action, strategic awareness should be framed around a shared understanding of, and

vocabulary related to the issues at hand. This is often a prerequisite for collective action. In this way, place leaders work to construct a shared interpretation of the issues and prospects they face (Sotarauta, 2009), allowing for the emergence of a shared vision that connects the place with those controlling local and extra-local institutionalised assets.

Network leadership ‘is an action, which directs all the operations and resources of the network to the desired direction’ (Harmaakorpi & Niukkanen, 2007, 82). It mobilises and aligns multiple actors and draws on personal networks, enabling leaders to drag various initiatives through complex decision-making procedures. Network leadership focuses on aligning differing interests, building trust and partnerships for the mobilisation of multi-scalar resources, and aligning multiple actors with common goals for network-driven innovation (Sotarauta, 2009). Formal leadership is exercised by leaders endowed with authorised and positional power (Bass & Bass, 2008; Hu & Hassink, 2017). It draws on an official position, providing the power to change institutions, channel public money, and formulate official strategies to guide development work (Sotarauta, 2009).

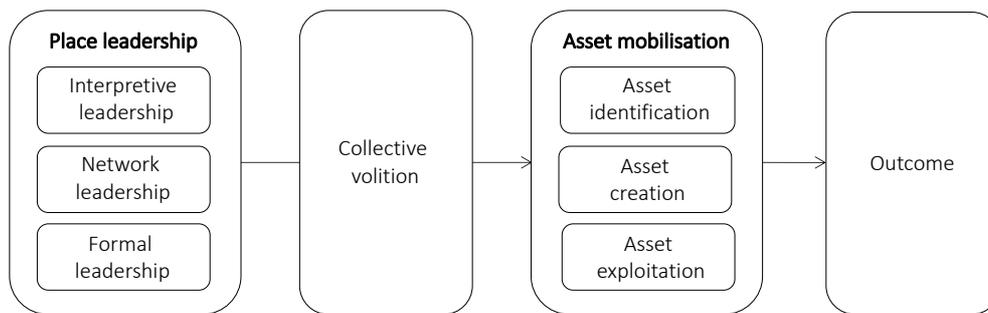


Figure 1. Place leadership as the mobilisation of assets – a conceptual model

3 Methodology, data, and the case

We scrutinise place leadership in Salo (Finland), a small town with impressive industrial history. The study follows an instrumental single-case study approach (Flyvbjerg, 2006; Yin, 2016), designed to serve the main aim of providing an in-depth investigation of place leadership in a time of adversity. An instrumental case design is applied when the aim is to thoroughly examine the dynamics of a given issue, the main ambition of which is to increase general understanding (Klenke, 2008, 59). In other words, we are keen to identify the dynamics of place leadership and use a particular place in this effort.

We first studied the case by collecting and analysing extensive secondary materials, such as relevant newspaper articles, previous studies, and relevant policy documents. Then, drawing on these secondary materials, we identified the main phases and features of the development path and outlined the patterns of agency for the second phase of the study. In the second phase, to further understand the recent developments in Salo, we carried out 21 semi-structured interviews with involved actors, including a national level policymaker and a

CEO of a major corporation. The interviewees represented local and regional authorities (9), firms (8), local media (1), research and education (2), and national-level organisations (1).

Salo is in Southwest Finland (see Figure 3), and its distance from the regional capital, Turku, is 50 km. Helsinki, the national capital, is also nearby (115 km). There was a population boom in Salo from 1990 to 2010. This was strongly associated with the growth of the telecommunications company Nokia. After 2010, however, the population began to decrease, which was caused by Nokia’s and Microsoft’s decreasing activities in Salo and its impact on the connected local business cluster (Figure 2).

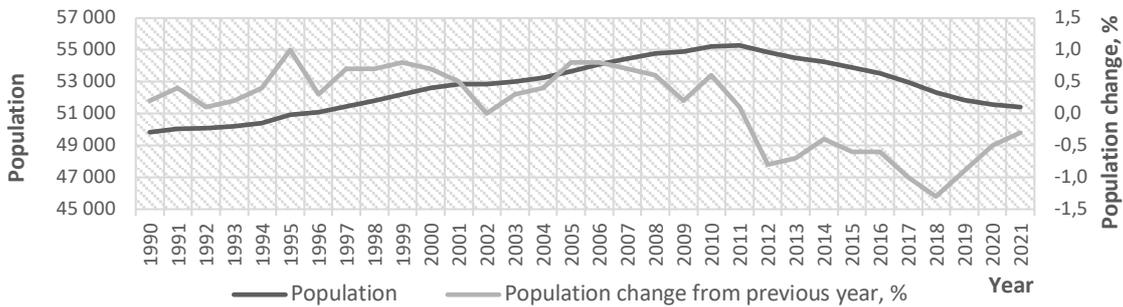


Figure 2. Population growth in Salo from 1990 to 2021

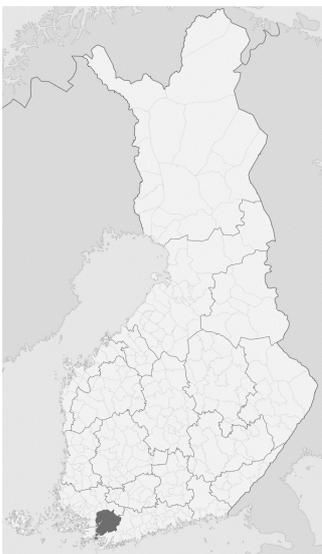


Figure 3. The location of Salo

The educational level in Salo is lower than the Finnish average. Although the town does not have its own higher education institutions, Turku University of Applied Sciences (TUAS) has coordinated nursing and business administration programmes. Funding cuts from the Ministry of Education and Culture and the unpopularity of some educational fields have caused TUAS to scale back its educational outreach in Salo. In the early 2010s, for example, TUAS discontinued its programmes on design and information technology. However, local

companies and TUAS continued collaborating on R&D and training programmes. The University of Turku administered master's degree programmes in the productisation of electronics and software, but these programmes too came to an end. Salo Region Vocational College currently is the only educational institution in town.

For decades, electronic device manufacturing was the primary industry in Salo, and, in the early 2000s, it was the most specialised ICT place in Finland. However, due to transformations in the industry, Salo has lost its position as one of the major hubs in the field (see Figures 4 and 5). In 2000, the electronics industry employed 6,400 people in Salo, but, in 2008, employment started to decrease dramatically; as of 2020, the industry employed approximately 1000 people.

Table 1. Employment in the most specialised ICT sub-regions in Finland (2010, 2015, 2020) (Source: Statistics Finland)

	2010	2015	2020
Finland	124969	120915	150119
Helsinki	68549	71930	89118
Tampere	14608	13641	17099
Oulu	10002	8332	11267
Jyväskylä	3219	4030	5571
Salo	4617	1253	1037
All the others	23974	23950	25640

Table 2. The most specialised ICT sub-regions in Finland – location quotients (2010, 2015, 2020) (Source: Statistics Finland)

	2010	2015	2020
Helsinki	3,0	3,0	3,0
Oulu	2,3	2,0	2,1
Tampere	1,4	1,3	1,4
Jyväskylä	0,9	1,3	1,4
Salo	1,5	0,8	0,6

4 Mobile phone business in Salo

4.1 The rise of the mobile phone industry

The electronics industry has deep roots in Salo, dating back to the 1920s with the founding of an electronics company, Salora (originally Nordell & Koskinen). Salora manufactured television sets (1956), radiotelephones (1960), hi-fi devices (1967), and PC displays (1981). It dominated the domestic markets and was a strong exporter until the late 1970s. The company also developed and manufactured the first radiotelephones in the 1960s, mainly for public authorities. The first car radiotelephones (ARP) and portable radiotelephones were introduced in the early 1970s, connecting with landline phone systems; they were the first-generation mobile phones globally. In Salo, radio technology expertise had been evolving for decades, partly drawing on the activities of radio hobbyists (Lavonen 2005). Although radiotelephone technology was not a profitable business at that time, it turned out to be significant for Salo, as this radiotelephone success attracted Nokia Corporation to the city in the late 1970s. As one of our interviewees put it, ‘Nokia did not bring phones to Salo, but phones brought Nokia to Salo’. From 1980 onwards, Salora’s role began to decrease, and Nokia grew in prominence. In 1989, Salora’s operations were merged with those of Nokia.

In the late 1980s, Nokia Corporation was a conglomerate with several business branches. Due to its ambitious expansion, the company encountered financial issues, which it mitigated by streamlining its operations and divesting several businesses (e.g. paper, footwear, and tyres) while maintaining its electronics-related operations. It accomplished this even though consumer electronics—and especially television manufacturing—was the primary source of its financial problems. In 1992, Nokia appointed a new CEO who had formerly served as the head of the mobile phone business, working at the Salo site for several years. The new CEO continued to transform the company from a multi-branch conglomerate to a focused telecom company. In retrospect, this was the right strategic decision, as the whole telecom sector began to grow astronomically. Consequently, starting in the mid-1990s, Nokia and the adjacent business cluster expanded rapidly in Finland, including Salo. Nokia established several sites in both Finland and abroad, with the Salo site remaining a crucial hub for its R&D and manufacturing. Eventually, due to Nokia’s exponential growth, the other sites gained in importance, and, little by little, Nokia’s R&D became more global than ever before. The company strengthened research and development in places where it assessed the most supportive growth opportunities (e.g. the supply of skilled people, university collaboration). By the end of the 1990s, Nokia was the world’s largest mobile phone manufacturer, with its production volume and R&D expenditure continuing to grow rapidly in the early 2000s.

4.2 The collapse of Nokia’s subcontracting cluster

In 2007, Nokia and its subcontractors employed approximately 10,000 people in Salo. The share of high-tech manufacturing of all of its employment was as high as 25% in 2005. However, in the early 2000s, Salo’s relative position as one of the core hubs in the ‘Nokia cluster’ began to weaken. Nokia shifted its R&D on emerging opportunities and new

technologies to other sites in Finland and abroad. It also established new sites (e.g. in Hungary and China), seeking subcontractors from low-cost countries. Moreover, in Nokia's top management, there were no longer people who had personal ties to Salo, weakening the town's relative position as a Nokia site. As some of the interviewees argued, Nokia became too big for a small town. One by one, Nokia's subcontractors started to go bankrupt or move away from Salo. For example, Nypro CMS closed its factory (-146 jobs) in 2006; Aspocomp closed its printed circuit board factory (-237 jobs) in 2007; and Elcoteq closed its unit (-36 jobs) in 2008. As a result, within just a couple of years, Salo lost approximately 2,000 jobs, primarily in lower-education manufacturing.

With Nokia being a dominant force globally and the unchallenged centrepiece of the local economy, Salo drifted into crisis almost unnoticed. Nokia's difficulties slowly penetrated local awareness. In the summer of 2009, the town officials realised the city was in crisis. The newly appointed Chief Executive of the Town Council initiated a discussion with the Ministry of Economic Affairs and Employment to designate Salo as an 'abrupt structural change' (ÄRM) area. In other words, he mobilised formal regional policy to assist a place facing abrupt economic changes and consequent job losses. In late 2009, the Ministry designated the Salo sub-region as an abrupt structural change region. According to the ÄRM-policy, local authorities and other actors are responsible for managing structural changes and seeking new avenues for the future. The policy's primary purpose is to mobilize local, regional, and national resources to lead the coping measures. Local authorities and company representatives are expected to summon a restructuring group to analyse the situation and formulate an action plan (for more, see Abrupt Structural Change, 2022). The Ministry can channel state funding (limited amounts) to different development projects, investments, and training programmes to support the place in distress.

The Chief Executive mobilised a planning group, which formulated a rescue strategy for Salo. The group consisted of officials from the town of Salo, the Municipality of Somero (a neighbouring municipality), Yrityssalo Ltd. (a municipality-owned local development company), Salo Region Vocational School, TE-Office (the state's local employment service), Centre for Economic Development, Transport and the Environment (ELY-Centre, the state's regional authority), the Regional Council of Southwest Finland (regional-level local government development agency), the local chamber of commerce, and the local business association. Each actor had a role in the group. For example, the Town Council informed the Ministry about the actions needed in Salo; Yrityssalo Ltd. mobilized local firms to exploit the released subsidies for new investments, and Salo Regional Vocational School, together with the TE-Office, organized a training programme for laid-off former employees. In addition, ELY-Centre and the Regional Council of Southwest Finland channelled state money into different actions. The Chief Executive of Salo took on a leading position in the planning group, ensuring the appropriate actions were taken and everything proceeded acceptably. The CEO of Yrityssalo Ltd. was the operative arm and thus responsible for many practices.

‘... he [Chief Executive] had such a mode of operation, and the pace of action that nobody had time for moaning, he always pushed us to do something, always a step forward. And it was clear at the beginning, no one knew which direction to go, but he took care we’ll keep moving anyway’. (A representative of the local development group)

‘We did not write letters of moaning but kept going, turned all stones and stumps to find new futures for us. We networked with actors in Finland and abroad, searched for ideas; we did not remain grieving’. (Another representative of the local development group)

The crisis led to not only economic- and employment-related issues but also challenged the identity and role of the Town Council. Over time, Salo had become a self-sufficient and insular small town in the shadow of a corporate giant. For a long time, the Town Council had mainly seen itself as a provider of health, social, and educational services and a high-quality living environment for citizens. It had not adopted proactive local economic development strategies, as some of the other localities in Finland had done much earlier (see Männistö, 2002; Kostiainen & Sotarauta, 2003; Nupponen, 1986). In the middle of the crisis, the Town Council had to adopt a developmental role, formulate proactive local economic development policies, and mobilise partners to refine and execute its plans.

‘The main goal, in the first phase, was to minimise the damage for people and the place’. (A development officer)

4.3 Closure of Nokia’s mobile phone factory in 2012

In the late 2000s, Nokia experienced many issues with its new mobile phone models, and the competition from new entrants, most notably Apple and Samsung, intensified. The main challengers introduced or adopted, respectively, iPhone in 2007 and Android in 2008. As a result, the mobile phone industry moved from hardware to software business, while Nokia was stuck with the outdated Symbian operational system. It did not develop its new operating system (MeeGo) quickly enough to meet the emerging software competition. Thus, Nokia’s market share in mobile phones shrank after 2010, while Apple and Android ecosystems proliferated. In 2011, Nokia decided to respond to the competition by launching Windows Phones with Microsoft. However, Windows phones struggled from the outset to penetrate markets and captured only 3.6% of the market share in 2013 (Windows Mobile Phone, 2022). Nokia was forced to reduce its workforce, which was seen as the first sign of deep trouble facing its mobile phone business. Moreover, many senior staff members were aware of the extent of the company’s issues, and, consequently, the outflow of talent accelerated.

In early 2012, the rapidly changing global mobile phone landscape penetrated the local consciousness, Nokia announcing it would make 1,000 workers redundant in Salo, and, in June 2012, it closed its entire mobile phone factory (-850 jobs). The layoffs applied mostly to production workers, whereas product development continued. After the closure of the mobile phone factory, Nokia still employed around 1,200 product development and support workers in Salo.

The Chief Executive, other senior officials at the Town Council, and Yrityssalo Ltd. had closely followed the changes in the mobile phone business and Nokia’s faltering position in

the global markets. Convinced that ‘something significant will happen’, they began to outline scenarios and related coping strategies for Nokia’s possible layoffs before Nokia had disclosed anything about its plans. To obtain some pieces of information, senior officials and Yrityssalo Ltd. launched informal conversations with Nokia, which had to follow the strict regulations affecting all stock-listed companies. However, Nokia was not able to disclose any relevant pieces of information. Having gathered some pieces of information through many channels, the local core group informed the Ministry of Economic Affairs and Employment that Nokia’s possible layoffs might be noteworthy. The Ministry responded by guaranteeing that they were ready to channel state funding into different development projects in Salo if needed. The senior officials and Yrityssalo Ltd. outlined a plan to cope with the emerging crisis, preparations which were made quietly in the background.

‘We can quietly prepare here when we see that we may hit the iceberg. We can begin to create something, but carefully. We cannot do it publicly because of what might ensue. People would stop shopping; the supermarket enlargement would not happen. Nobody will have the courage to do anything if we say that we now know what will happen [at Nokia]. We cannot do that. We would cause the disaster ourselves’. (A representative from the local development company)

When Nokia formally announced the layoffs in 2012, the local response was swift. In two weeks, the municipality (Town of Salo), its development arm (Yrityssalo Ltd.), and the state of Finland’s employment service unit (TE-Office) aligned their forces to provide people who were made redundant with a service package. Additionally, Nokia had a corporate responsibility programme—called Bridge—which supported unemployed workers in receiving education or setting up their own businesses. Yrityssalo and the TE-office established a helpdesk on Nokia’s premises for laid-off workers. In collaboration with private service providers, Yrityssalo launched training programmes for the newly unemployed to update their technological capabilities, learn new business-related capabilities, or find a way to launch their own business. Yrityssalo Ltd. also organised projects to support and encourage local firms to make investments and take advantage of the highly skilled labour that was suddenly available to them. Moreover, the Town of Salo systematically searched for potential investors and partners from abroad (e.g. China and Vietnam) to attract new companies and investments in the town. The Town Council hired a sales director to search for new companies worldwide and attract them to Salo, an idea presented by the local Chamber of Commerce. These efforts did result in some companies relocating to Salo (e.g. a telemarketing company, Talking People Finland [2012]; Nordea Bank’s establishment of a call service unit [2014]; and Orion Oyj, a medicine packaging and logistics centre). The local salesforce found Chinese owners for Cencorp’s electric automation business as well.

Nonetheless, in Salo, outmigration and unemployment continued to grow. It was simply impossible to replace the number of jobs that had been lost almost overnight.

4.4 The closure of Microsoft's product development unit in 2015

In September 2013, Microsoft acquired the mobile phone business division from Nokia. As a result, the Nokia era ended in Salo, and a short-lived Microsoft era began. The product development unit continued to work on hardware development in Salo. The senior officials and Yrityssalo Ltd. had monitored the decreasing sales of Microsoft's Windows phones for some time already and had witnessed their cumbersome entry to the markets. Their fears were confirmed in early 2014, as Microsoft's newly appointed CEO announced that the company would focus on developing software for different platforms and that the manufacture of devices would come to an end. As a result, sales of Windows phones continued to decline, and, in 2014, Microsoft laid off around 100 workers in Salo. With his management group, the Chief Executive of the town council assumed Microsoft would continue making strategic decisions concerning its future and began to prepare for the worst. Yrityssalo Ltd. and the Town Council started to formulate plans in response to Microsoft's upcoming decisions and again forewarned the Ministry of Economic Affairs and Employment.

Finally, in July 2015, Microsoft informed publicly it would close the product development unit, which employed 1,000 people in Salo. The news was more of the same for the locals but, at the same time, qualitatively different, as the employees to be laid off were highly educated, comprising a large share of the human capital in Salo. The town and the development company started to formulate a strategy using Microsoft's highly educated workers as assets to attract new companies to the region. In addition, Microsoft complied with its corporate social responsibility by launching the 'Path' support programme, which supported the newly unemployed workers to educate themselves and establish their own start-ups. Although Microsoft's Path programme offered significant support to start-ups, it simultaneously offered 'resignation packages' to workers who left the company voluntarily. Consequently, this combination of measures calmed many former employees, providing them with additional time to devise business plans. As a result, approximately 80 start-up companies were established in Salo, approximately half of which still exist. Most, however, have remained small. Microsoft's managers participated in the ÄRM coordination meetings organised by the Town Council; however, the 'Path' programme was independent of other activities and was thus poorly coordinated in terms of matching the other measures.

Additionally, former Nokia/Microsoft employees mobilised themselves and established a Smartsalo Association to tap into their networks and use their individual and collective capabilities to generate novel business activities in Salo. 'Smartsalo' mobilised and pooled highly skilled professionals and their collective skillset 'under one roof'. It collaborated closely with the Town Council and Yrityssalo Ltd, which proved helpful in marketing local capabilities and integrating them in various development projects. Moreover, Yrityssalo Ltd. organised a 'StartupHub' society, coordinating a community of start-up companies in Salo.

4.5 Establishment of the Salo IoT Campus

Prior to the closure of Microsoft's R&D unit, the place leaders in Salo had adopted a hybrid strategy: (a) they worked to ease the transition of people from Nokia/Microsoft to other firms, and (b) they also worked to attract firms and investments, explore local firms' growth potential, and support start-ups. They used all the assets at their disposal, the most important being the highly skilled labour force made redundant, who carried the global reputation of their former employers. Despite these efforts, outmigration continued, Salo being a small labour market for business- and technology-oriented people.

The closure of the R&D unit provided the place leadership with approximately 83,600 square meters of vacant space. Microsoft indicating willingness to sell its real estate, the place leaders had a new asset available to them. They quickly came up with an idea to buy the premises and open a new kind of campus, a space for open innovation as well as related interaction and co-creation. The core team decided to use the empty premises to attract businesses to Salo and mobilise local actors to also take advantage of it. In practice, the vacant Nokia/Microsoft premises were a closed, guarded town within a town. As the campus had been a corporate R&D site, not many in Salo had visited or knew what kind of space it was.

'We took the Town Board there – look, these are the premises 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'. (A town official)

The IoT Campus was envisioned as a platform for start-ups and other businesses (for knowledge creation and valorisation), thus providing people with prospects and a reason to stay in Salo. Traditionally in Salo, local politicians had been critical of the Town Council being directly involved in business activities. The Town was expected to focus on service provision, and businesses were expected to take care of themselves. Eventually, the Chief Executive was able to convince local politicians and private investors that the former Nokia/Microsoft campus was a major asset in the effort 'to save Salo'; it should be fully exploited.

'A paradigm shift had to happen in Salo ... Businesspeople were used to the town being only for housing. No need for active business development ... There was a hard struggle about whether we should support entrepreneurship. Should we invest? ... [At the Town Council] there was a heated conversation about the IoT park, should we do it? ... That the role of the town is only to arrange education and like this ... but not constructing an entrepreneurship model ... to move from a pure and traditional 'municipality machine' to an entrepreneur'.

The Chief Executive and the CEO of OP Lounaismaa (a local cooperative bank) started to find a way to take over the premises and mobilise private investors. The bank CEO contacted businesspeople and the Chief Executive public actors, including different ministries. Eventually, a project consortium was formed, consisting of representatives from the Town, Yrityssalo Ltd., OP Lounaismaa, Lounea Ltd. (a telecommunication services provider), and private investors. OP Lounaismaa and Lounea Ltd. were keen to participate in this effort.

They wanted to make Salo's poor business prospects visible and offer their personal support in its turning the tide. The consortium began to construct a vision for the IoT (internet of things) Campus with the aid of a consultant who, among other measures, analysed the future potential of IoT technology in the region. The director of the town's development services benchmarked High-Tech Campus Eindhoven. Step by step, the local politicians began to appreciate the potential benefits of the planned IoT Campus, mainly because private investors were willing to contribute. In 2017, Microsoft sold the premises to a public-private consortium, which founded Salo IoT Park Ltd. It is noteworthy that Microsoft carried out its social responsibility by selling the premises at a much lower price than they were worth.

The early years of the IoT Campus have been encouraging. The 86,000-square-meter facilities are nearly full. The campus hosts organisations ranging from start-ups to more established companies to the Salo Unit of Turku University of Applied Science. Among the first major companies locating there was Orion Medicine Packaging (over 100 jobs) in 2017, followed by Valmet Automotive in 2019 (300 jobs). The well-known industrial history of Salo in radio/mobile technology and experts with experience from Microsoft and Nokia attracted a small Huawei research lab unit in town as well.

'The spirit of the new campus is totally different from the beginning ... mixing people, bringing them to common lunch tables and coffee breaks and gyms. It is working, and people have bought the idea.'

The Chief Executive, the CEO of OP Lounaismaa, and the whole IoT Campus core group were able to mobilise resources and construct a vision for Salo. Private investors and companies financed and thus lent credibility to the IoT Campus, while the public sector funded and provided a legitimate framework. The IoT Campus introduced a new kind of public-private partnership model in Salo. It also provided the local development efforts with a clear strategic focus and vision. The technology and business model related to 'Internet of Things' was rooted in the industrial history of Salo, reimagining the strengths of the place for the future and, thus, providing a platform for collaboration. Even though it would be unrealistic to expect the IoT Campus to solve all the problems, it provided the town with a new direction and a platform for business development (i.e. hope and credibility). It was also a tool helpful in activating and mobilising various actors toward collaboration. Notably, a new, more collaborative business culture emerged from the Campus development.

5 Discussion of empirical observations

Rapidly expanding research has both deepened and expanded our understanding of place leadership. As Beer et al. (2019) argue, it has taken its place in the regional development landscape. This Chapter aimed to add to the place leadership literature by answering three interlinked research questions: how do place leaders mobilise assets for local economic development in times of adversity; what assets do place leaders mobilize; and who are the place leaders. A case in point was the Town of Salo, a Finnish town with an admirable industrial history regarding mobile phones and related technologies. For a small town forced

to adopt a developmental role and mobilize its assets in the face of a crisis, Salo is a representative case. In a reasonably short time, Salo transitioned from being the most ICT specialized of the Finnish sub-regions to becoming below average in this respect.

Earlier research has shown that municipalities play a central role in Finnish place leadership, and that the governance apparatus with predefined policies is the platform through which place leadership emerges and operates (e.g. Tervo, 2002; Männistö, 2002; Linnamaa, 2002; Sotarauta et al., 2021; Sotarauta & Beer, 2017). This is not to say place leadership is similar everywhere in Finland, but it highlights the importance of formal leadership in a country with strong local government. In Salo, the most visible place leaders were the Chief Executive with his team and the local development company. These actors were able to draw on the political decision-making power of the Town Council while also mobilising the national-level policy designed for places encountering structural challenges. Importantly, they also established well-functioning connections first with Nokia's and later with Microsoft's managers. The local core group also mobilised external networks to raise global companies' term awareness about the opportunities Salo might offer. In addition to this formal leadership, network leadership gained prominence in selected operations and practices, with additional partners joining the partnership. The local businesspeople actively participated in mobilising investors to join the partnership for acquiring the empty premises, and former Nokia/Microsoft employees 'mobilised themselves' to exploit their networks and expertise for business opportunities. The construction of the IoT campus also called for interpretive leadership. Information and ideas from different sources and results from benchmarking were analysed, translating into a new strategic vision.

Commonly, mobilising a partnership to drive new strategies and find a common agenda to tackle a crisis is not a painless process due to the inevitable differences in interests and visions, a lack of trust and loss of autonomy, and communication problems (e.g. Horlings & Padt, 2011). In a crisis of this scale, it was not overly difficult to mobilise all the key actors, as many of them mobilised themselves. Therefore, at *first*, there were several 'singular but strategic volitions' (i.e. all the main players reacting to the changing situation from their individual perspectives). Fairly quickly, place leaders with their support community put in place a safety net for laid-off people. In doing so, they were able to rely on existing employment policies and related educational services; there was no need to mobilise employment policies, as they are deployed automatically whenever people are made redundant. In other words, the assets mobilised by the place leaders were obvious, their identification not difficult. They also mobilised the regional policy apparatus and associated measures, designed to support places facing industrial restructuring. To enhance the standard services, Yrityssalo Ltd. and the TE-office established a helpdesk in Nokia's premises for Nokia's laid off workers within just two weeks after the layoffs. All in all, the main goal in the first phase was to minimise the damage for people and the place. So, the shared interest to 'save Salo' was visible and strong and it was not overly difficult for the place leaders to identify the assets or exploit them. However, the question how to navigate out of the crisis together was not clear nor shared. The main challenge was to manage the crisis in the short-

term, build confidence about the future, and mobilise wide networks for the collective effort ‘to save Salo’.

Second, the place leaders identified former Nokia/Microsoft highly skilled employees as a major asset and launched various campaigns locally, nationally, and internationally for firms to exploit available resources. *Third*, they mobilised both public and private resources to acquire the empty Microsoft premises with the aim of constructing a science park for both start-ups and established companies. Throughout the years of crisis, the place leaders worked to (a) mobilise the institutionalised assets and related actors and organise and coordinate their collaboration; (b) generate strategic awareness of the situation among the partners and channel this constructed knowledge into formal decision-making; (c) market the assets nationally and internationally; (d) identify a vision for Salo. Notably, a new vision for Salo was not constructed at the outset to provide the collaboration with a direction; instead, it gradually emerged and was crystallised during IoT Campus development. In sum, the place leadership evolved from formal leadership to network leadership. Then, after the dust began to settle, interpretive leadership received time and space to take on a more substantial role.

The partnership aimed at saving Salo was not able to turn the tide; outmigration continued, and the former days of glory were over. However, the partnership achieved a defence victory, being able to maintain a technological base and provide a platform for the future. In a way, Salo now functions on a scale that is more natural for its size; it has been ‘right-sized’ through a crisis.

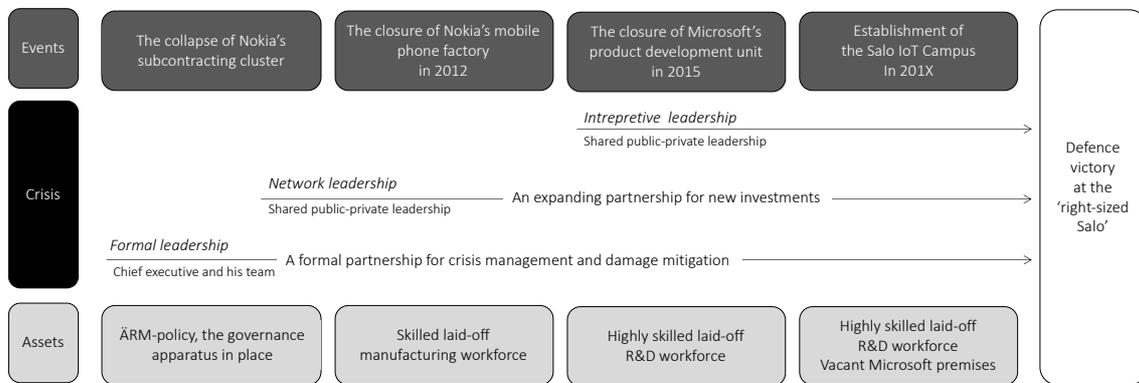


Figure 4. The mobilisation of assets in Salo and place leadership (PL)

6 Conclusions

This study added to the literature on place leadership by investigating the mobilisation of assets in a small town facing an extreme industrial crisis. Conversely, it added to the literature on plant closures by exploring the important but understudied link between agency and recovery. We join earlier studies in calling for a more nuanced understanding of what place leadership is and how place leaders work in various contexts.

We know all too well that recovering from closures of major plants call for the mobilisation of assets, constructing a collective volition to act, and creating an understanding

of the future to be worked for. Consequently, place leaders need to do all this through the large-scale adoption of new strategies and practices. The findings of this study show that a traditional service delivery-oriented town may adopt a more proactive place leadership mode—supported by established operational models, top-down policy support, and responsive partners for cooperation. However, the findings also show that the governance system is necessary but not sufficient for coping with a crisis. We should be open to effective place leadership assuming varied forms in different places. For example, Vallance, Tewdwr-Jones, and Kempton (2019) showed how interpretive and network leadership may facilitate local development, but, eventually, it is dependent on tapping into the legitimating formal leadership and its institutional and resource powers. Our research shows, conversely, that formal leadership is dependent on tapping into powers and capabilities beyond the reach of formal leadership; the capacity to create a vision, source knowledge, and mobilise resources being in the hands of other actors too.

In sum, we endorse Kurikka and Grillitsch (2021), who argued that an active change agency is central to adaptability. Moreover, change agency calls for individuals and groups to lead the visioning processes, networks, and utilisation of institutional assets. While it seems that place leaders mobilise people or organisations, it is their power, capabilities, or financial resources they are after.

This chapter celebrates the intellectual legacy and two-decades-long collaboration with Paul Benneworth, an excellent colleague and friend. In 2018, we wrote a chapter on the construction of regional resilience in a knowledge economy crisis for a book edited by Paul (Benneworth, 2018). To close the collaboration on these themes with Paul, in this chapter, we continued analysing how places cope with the changes in the global mobile phone business. Both Chapters discussed the knowledge economy crisis, which manifested itself in the rise and fall of Nokia's cell phone business. This time, instead of looking at universities' role in Tampere (Kurikka, Kolehmainen & Sotarauta, 2018), we focused on place leadership in Salo. Both chapters show our appreciation for Paul's intellectual work and impressive legacy in the field.

References

- Abrupt structural change* (ÄRM) (2022). Ministry of Economic Affairs and Employment. Retrieved February 15, 2022, from <https://tem.fi/en/abrupt-structural-change-arm->
- Amin, A. (2002) Spatialities of globalisation, *Environment and Planning A*, 34, 385–399.
- Bass, B. M. & Bass, R. (2008) *The Bass handbook of leadership: Theory, research, and managerial applications*, 4th edition. New York: Free Press.
- Beer, A. & Clower, T. (2014) Mobilising leadership in cities and regions, *Regional Studies, Regional Science*, 1(1), 10-34.
- Beer, A., Sotarauta, M. & Ayles, K. 2021. Place, city, regional, rural ... leadership: a review. In Sotarauta, M. & Beer, A. (eds.) *Handbook on city and regional leadership*. 19–40. Cheltenham: Edward Elgar Publishing.
- Bellandi, M., Plechero, M., & Santini, E. (2021). Forms of place leadership in local productive systems: From endogenous rerouting to deliberate resistance to change. *Regional Studies*, 55(7), 1327–1336.

- Benneworth P. (2007) *Leading innovation: Building effective regional coalitions for innovation*, Research report. London: Nesta.
- Benneworth, P. (ed.) *Universities and regional economic development: engaging with the periphery*. Routledge; Abingdon, Oxon.
- Bowden, A., & Liddle, J. (2018) Evolving public sector roles in the leadership of place-based partnerships: From controlling to influencing policy? *Regional Studies*, 52(1), 145–155.
- Bækkelund, N. G. (2021) Change agency and reproductive agency in the course of industrial path evolution, *Regional Studies*, 55(4), 757–768.
- Collinge, C. & Gibney, J. (2010) Connecting place, policy and leadership, *Policy Studies*, 31(4), 379–391.
- Creswell, T. (2004) *Place: A short introduction*. Oxford: Blackwell.
- Faulconbridge, J. R. (2012) Economic geographies of power: Methodological challenges and interdisciplinary analytical possibilities, *Progress in Human Geography*, 36(6), 735–757.
- Flyvbjerg, B. (2006) Five misunderstandings about case-study research, *Qualitative Inquiry*, 12(2), 219–245.
- Gibney, J. & Nicholds, A. (2021) Re-imagining place leadership as social purpose. In Sotarauta, M. & Beer, A. (eds.) *Handbook on city and regional leadership*. 19–40. Cheltenham: Edward Elgar Publishing.
- Grillitsch, M., & Sotarauta, M. (2020). Trinity of change agency, regional development paths and opportunity spaces. *Progress in Human Geography*, 44(4), 704–723.
- Haggard, P. (2008) Human volition: towards a neuroscience of will, *Nature Reviews Neuroscience*, 9, 934–946.
- Hambleton, R. (2015) *Leading the inclusive city. Place-based innovation for a bounded planet*. Policy Press.
- Harmaakorpi, V., & Niukkanen, H. (2007) Leadership in different kinds of regional development networks. *Baltic Journal of Management*, 2(1), 80–96.
- Horlings, I., & Padt, F. (2013) Leadership for sustainable regional development in rural areas: bridging personal and institutional aspects: leadership for sustainable regional development in rural areas, *Sustainable Development*, 21(6), 413–424.
- Horlings, L., Collinge, C., & Gibney, J. (2017) Relational knowledge leadership and local economic development. *Local Economy: The Journal of the Local Economy Policy Unit*, 32(2), 95–109.
- Horlings, L., Roep, D., & Wellbrock, W. (2018) The role of leadership in place-based development and building institutional arrangements. *Local Economy: The Journal of the Local Economy Policy Unit*, 33(3), 245–268.
- Hu, X., & Hassink, R. (2017) Place leadership with Chinese characteristics? A case study of the Zaozhuang coal-mining region in transition, *Regional Studies*, 51(2), 224–234.
- Klenke, K. (2008) *Qualitative research in the study of leadership*. Emerald Group Publishing Limited; Bingley.
- Kostiainen, J., & Sotarauta, M. (2003) Great leap or long march to knowledge economy: institutions, actors and resources in the development of Tampere, Finland, *European Planning Studies*, 11(4), 415–438.
- Kurikka, H., Kolehmainen, J. & Sotarauta, M. (2018) constructing regional resilience in a knowledge economy crisis: the case of the Nokia-led ICT industry. In Benneworth, P. (ed.) *Universities and regional economic development: engaging with the periphery*. 163–179. Routledge; Abingdon, Oxon.
- Lavonen, P. (2005) *Radiopajoista matkapuhelinteollisuuteen: Salon elektroniikkateollisuuden historia*. Salon kaupunki. Salo.
- Linnamaa, R. (2002) Development process of the ict cluster in the Jyväskylä Urban Region. In Sotarauta, M. & Bruun, H. (eds.) *Nordic perspectives on process-based regional development policy*. Nordregio report, 3, 29–78. Stockholm.
- Männistö, J. (2002) *Voluntaristinen alueellinen innovaatiojärjestelmä: Tapaustutkimus Oulun ICT-klusterista*. Acta universitatis lapponensis 46. Rovaniemi.
- Nupponen, P. (1986) *Kuntien elinkeinopolitiikka ja yhteiskunnan kehitys: Yhdentoista esimerkkikunnan tarkastelua* (Municipal economic development policy and the development of society. Eleven municipalities as cases in point). Tampereen yliopisto, Aluetieteen laitos sarja B40/1986. Tampere.
- OECD (2015) *Local economic leadership*. Paris: OECD.
- Oxford Dictionary of English*. 3rd ed. Oxford: Oxford University Press.
- Sotarauta, M. (1996) *Kohiti epäselvyyden hallintaa: Pehmeä strategia 2000-luvun alun suunnittelun lähtökohdana* (Towards governance of ambiguity: soft strategy as a starting point for planning in the beginning of 2000). Acta Futura Fennica No 6. Finnpublishers. Jyväskylä.

- Sotarauta, M. (2001) Network management and information systems in promotion of urban economic development: some reflections from CityWeb of Tampere, *European Planning Studies*, 6, 693–706.
- Sotarauta, M. (2009) Power and influence tactics in the promotion of regional development: an empirical analysis of the work of Finnish regional development officers, *Geoforum*, 40(5), 895–905.
- Sotarauta, M. (2016) *Leadership and the city: Power, strategy and networks in the making of knowledge cities*. Routledge; Abingdon, Oxon.
- Sotarauta, M. & Beer, A. (2017) Governance, agency and place leadership: lessons from a cross national analysis, *Regional Studies*, 51(2), 210-223.
- Sotarauta, M. & Beer, A. (eds.) (2021) *Handbook on city and regional leadership*. Cheltenham: Edward Elgar Publishing.
- Sotarauta, M., Kurikka, H. Kolehmainen, J. & Sopanen, S. (2021) *Toimijuus ja mahdollisuuksien tilat aluekehityksessä: Miten kehitettyä vastoin kaikkia oletuksia?* Sente-julkaisu 35/2021, Tampere; Tampereen yliopisto.
- Tervo, H. (2002) *Rakkaudesta teknologiaan: Toimijaverkostonäkökulma Oulun IT-keskitymisen rakentamiseen ja toimintaan* [For the love of technology: An actor network approach to the construction and development of the IT cluster in Oulu]. Acta universitatis lapponensis 76. Rovaniemi.
- Vallance, P., Tewdwr-Jones, M., & Kempton, L. (2019) Facilitating spaces for place-based leadership in centralized governance systems: the case of Newcastle City Futures, *Regional Studies*, 53(12), 1723–1733.
- Windows Mobile: global smartphone OS market share 2011-2016*. Retrieved March 15, 2022, from <https://www.statista.com/statistics/236034/global-smartphone-os-market-share-of-windows-mobile/>
- Yin, R. (2016) *Case study research and applications: Design and methods*. 6th edition. Thousand Oaks, CA: Sage.