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Shared vision and network leadership in regional development case: the Lahti region in Finland

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Shared Vision and Network Leadership
in Regional Development
Case:
The Lahti Region in Finland

Abstract

In the information era, the regions in Finland have become subjects of regional development, whereas in the industrial era they were largely objects of the nation-led regional policies. Regional development is, nowadays, a combination of manifold regional programmes and strategies. Old-fashioned hierarchical methods do not seem to function in the new environment. New networks of principal actors are needed in the regional development.

The regions are being developed in an environment, where regional actors and coalitions have their own visions and ways of acting. Regional development is a game, in which actors with different visions and strategies play together. Even though a regional development network is a relatively loose combination and cannot be compared with "normal" organisations, the actors of the network should at least, on some level, have shared opinions about things like

- understanding of the reigning techno-economic and socio-institutional paradigms
- shared vision of substance areas to be developed
- shared opinion of development methods and evaluation of the development.

The attitudes and opinions about regional development in the networked environment were studied in the Lahti urban region. The empirical study was conducted by sending a questionnaire to 360 politicians, authorities, employees of regional development organisations, employees of regional education and research organisations, and entrepreneurs in the Lahti urban region.

Contents

	Abstract	
1	Introduction	4
2	Networks and New Trends in Regional Development	5
3	Visions, Strategies, and Network Leadership in Regional Development	6
4	Lahti Region and the Project	9
4.1	General Description of the Lahti Region	9
4.2	Project: Development of Higher Education Services and Science Park Activities	11
4.2.1	Background of the Project	11
4.2.2	Aims of the Project	12
4.2.3	Contents of the Project	13
4.2.4	Achievements of the Project	14
5	Shared Vision and Network Leadership in the Lahti Region	16
5.1	General Information of the Study	16
5.2	Visions, Attitudes, and Networks	16
5.3	Evaluation of the Development Project	20
6	Conclusions	22
	References	23

1 Introduction

The shift of the techno-economic paradigm and European unification have radically changed the development environment of European regions. The regions are part of the worldwide network competing for essential flows to enable economic wellbeing.

In the information era, the regions in Finland have become subjects of regional development, whereas in the industrial era they were largely objects of the nation-led regional policies. Regional development is, nowadays, a combination of manifold regional programmes and strategies. Old-fashioned hierarchical methods do not seem to function in the new environment. New networks of principal actors are needed in the regional development.

The regions are being developed in an environment, where regional actors and coalitions have their own visions and ways of acting. Regional development is a game, in which actors with different visions and strategies play together. Even though a regional development network is a relatively loose combination and cannot be compared with "normal" organisations, the actors of the network should at least, on some level, have shared opinions about things like

- understanding of the reigning techno-economic and socio-institutional paradigms
- shared vision of substance areas to be developed
- shared opinion of development methods and evaluation of the development.

The adaptation to the information society in the Lahti urban region has been quite painful and the region can be considered a declined industrial region. A question often raised in the region is: Are the attitudes, visions, aims, etc. of the regional actors coherent enough to enable the use of strong development activities in the region? The present research strives to assess the level of shared vision and commonly accepted ways of acting in the Lahti urban region.

It is proposed that the main reasons for decline in the Lahti urban region are the small number of highly educated people and the low level of R&D spending, both facts that have caused a great deal of worry in the region. Therefore, the study focused especially on one development project generally considered to be important for the successful development of the Lahti urban region: "Development of the high level education services and science park concept". Special attention is given to how the region's actors perceived a regional network project, which has no separately specified host organisation.

The empirical study was conducted by sending a questionnaire to 360 politicians, authorities, employees of regional development organisations, employees of regional education and research organisations, and entrepreneurs in the Lahti urban region.

2 Networks and New Trends in Regional Development

The network society is the famous determination of Castells (Castells 1996) describing the world in which we are currently living. The importance of the networked environment is recognised on an international level, as well as on a regional level, and the framework network society is used as the basic theory in this paper.

Castells emphasises the important role of information in the networking process. Knowledge and information have become the most important factors of productivity in society. This means that the success of economic actors is decided by their ability to produce, process, and apply information (Kostiainen 1999). The paradigm shift in society, economics, and technology is behind the concept of the network society. Globalisation, technological development, the political structures (such as the unification process in Europe), and the changes in individual values place the actors in the private and public sectors in a new situation. Castells sees the world as a space of flows, where, for example, capital flows, technology flows, information flows, and symbol flows are moving between the nodes of a worldwide network (see Niukkanen-Harmaakorpi 2002 for more on the network society).

By definition the co-ordination of social activities in the network society occurs mainly in networks. The networks are formed by actors, which have common aims and functions. Successful networks can be characterised by co-operation, partnership, trust and sincerity. The members of a network have different roles and their competences complement each other's. It is essential to share information in the network and to learn continuously from the other partners in the network.

The European regions are involved in international competition. The change brought on by the information society and globalisation has also significantly changed the environment in which the regions act. The world is considered to have moved to a space of flows (Castells 1996), where even regions are a part of the global network society. A change in the space of flows does not, however, diminish the importance of places. The places appear in the worldwide network economy as nodal points, whose wellbeing either increases or decreases according to the attractiveness they exercise on the flows. The success of the region is determined, to a large extent, by its capacity to attract different flows, such as information flows, capital flows, technology flows, cultural flows, specialist flows, and enterprise flows. Therefore, the region should be developed to become competitive enough to attract at least some of the flows.

In the information era, the regions in Finland have become subjects of regional development, whereas in the industrial era they were largely objects of the nation-led regional policies (Vartiainen 1998). Regional development is, nowadays, a combination of manifold regional programmes and strategies. Old-fashioned hierarchical methods do not seem to function in the new environment. New networks of principal actors are needed in the regional development.

The regions are facing the new era in quite a confused atmosphere. Even if the actors are slowly understanding the new needs, the old systems and habits still remain strongly rooted in society, thus, constantly causing conflicts in the regional development processes. In the strategy and programme-based regional development, the main problem is that there is no one organisation able to assume the leadership in the process (Sotarauta & Lakso 2001). There are many relative independent regional actors involved in the game. And the actors taking part in the process in the European multilevel governance system also come from the national and international level (see Lähteenmäki-Smith 1999). The basic goal in the networked environment is to create an atmosphere where the scarce available resources can be directed in the most fruitful way for regional development.

3 Visions, Strategies, and Network Leadership in Regional Development

Each proper company creates a vision to strive after. To be able to move towards an ever-changing vision, it needs a strategy to follow. A leadership and management system is needed in order to make the organisation work at following the strategy.

According to the network society paradigm, we are living in a networked world, where the companies are also nodal points of a networked system. Companies are building strategic partnerships together and forming sometimes quite well organised networks. A whole network might have created a vision and strategy for itself. The network also needs some rules if the leadership or management system is to be able to function reasonably. The people and organisations involved in regional development are now also learning to function in a new kind of network system. In this chapter, we take a brief look at the development in companies and company networks in the network society. Keeping in mind the teachings of company-based systems, we assess the new, networked environment of the regions.

The companies are considered to be in a turbulent world where new methods of leadership are needed. In order to be quick enough to respond to the changes, the earlier very hierarchical organisations are turning to more flexible structures. The knowledge-intensive firms are leading the way whilst other firms are following. Companies often look like networks of teams. Hierarchical management systems have often been replaced by self-steering processes touching many parts of the organisations. However, even if the companies do not look quite the same as earlier, they still have determined decision-making processes, which makes a big difference compared to networks composed of many different organisations.

Building strategic partnerships and company networks is a visible trend these days. But why do companies form partnerships and networks more than before? The answer is the technological development and the new techno-economic paradigm, which are changing the organisational forms of doing business. To make (or do) or to buy is the question the companies have to answer constantly. The theoretical basis for the assessment still lies in the transaction cost theory created by Coase and developed further by Williamson (Coase 1937, Williamson 1979).

In a turbulent world some of the key words are flexibility and specialisation (Lillrank 1999). Network-like organisations seem to be more competitive than hierarchical organisations. But that cannot be taken as a clear fact. For example, not having trust and leadership in the network could lead to chaos, where the transaction costs might end up being unbearable. Building up flexibility, adaptation, and the ability to react to the changes – and at the same time remaining profitable have led to network structures. This process has been independent of the industries. The essential points are the continuous change, speed, and competition in the sector. Therefore, the networks are a phenomenon affecting first and foremost the sectors being influenced by quick change (Ollus *et al.* 1998).

Both inside companies as well as in company networks, the task of leadership can be seen steering the organisations, groups, and individuals so that the function is beneficial for all the groups involved in the process (Kotter 1988). Each partner must have a strong belief that its partner possesses unique skills and functional abilities which it itself lacks (Ohmae 1989). According to Grabher (1993) a company network is a relationship that produces synergy.

Can any analogical conclusions be drawn between the company networks and the networks in regional development? Of course, many, but there are also many differences which have to be taken into consideration when conducting regional development. The main similarities are things like: rules regarding behaviour in networks, network leadership skills, necessity to build visions and strategies. The differences are hiding behind words like democracy, political aspects, ideologies and values, multilevel governance, loose networks, no aggregate decision-making system, programme-based development.

The traditional management emphasising common visions and strategies does not fit very well with networked regional development (Sotarauta&Linnamaa 1999). It does not take the split power and the learning processes in a loose network sufficiently into account. In the regional development, the leadership is dealing with many aims and strategies. Leadership in regional development is mostly communication. It is important to create and maintain the communication networks and to be able to access those networks to share and receive information (Mintzberg 1989)

Stewart (1993) describes the leadership philosophy in regional development in terms like information management, choice, flexibility, responsibility, and politics. The traditional management can be described using such words as control, standard, stability, parallel, profession, and task. He emphasises that the new philosophy is not totally replacing the old one. Both are still needed. The new leadership tries to create a learning economy in the region, where the leadership includes an active interpretation of signals for change.

Borja & Castells (1997) have considered which factors successful city networks have to fulfil. Among these is the leadership, which according to them has to be capable of organising complex projects, managing conflicts and anomalies, processing and disseminating information worldwide. Kickert & Koppejan (1997) pointed out that in order to get results network management is dependent on the actors' capacity to demonstrate leadership. Between representatives of 'corporate organisations' it is not only important to create a consensus for a joint course of action, but also to establish support for these ideas within the organisation. It means that the success and effectiveness of a network project largely depends on the quality of the leadership. Representatives have to take risks by accepting new ideas and being prepared to speak up for them in their organisation.

The relationships between actors in a regional network are more equal and collaborative than the traditional principal-agent relationship (Frissen 1999). It means that the network leadership has to handle complex interaction settings and work with the different strategies of the various actors involved (see also Kickert *et al.* 1997). Leaders must have the capability to coach, inspire, and gain people's commitment. They must also offer personal examples of excellence (Naisbitt & Aburdence 1990).

Sotarauta (1999) divides network leadership into two sectors:

- game management
- network structuring.

Regional development can be assessed as a set of games (Sotarauta 2000). These games can be seen as a process of moves and countermoves, where the players are aiming to promote their own aims, or those of some group or the whole region. In the space of flows, the most successful players are the actors who are able to learn new things, are innovative, and are able to adapt to new situations. The leadership in the network is taken by the actors who understand the dynamics of the flows and the network, as well as the logics and aims of the players of the game better than previously.

According to Thrift (1996), human communication must be emphasised as part of the game, in spite of the strong development in the information and communication technologies. For example, when building the strategies, the very talented players of the network influence the strategy more, in spite of the seemingly equal opportunities of the actors in the process. Some players make attractive moves during the game and make the other players see things the way they do. They are the real leaders of the network. In the development game, a skilled player (leader) tries to keep the alternatives flexible as long as possible to be able to use the continuously changing situations.

In regional development, there is no opportunity to form a commonly accepted vision or strategy. But it is possible to create a portfolio of visions and a portfolio of strategies coherent enough to make it possible for the development to go further in favourable winds. Neither can there be one leadership system in a region. However, there can be a network leadership system enabling the sufficient creative tension (Sotarauta 2001) in order to make the things happen in a region.

4 Lahti Region and the Development Project

4.1 Description of The Lahti Region

The Lahti Region (Region of Päijät-Häme) is situated in Southern Finland, about 100 kilometres from Helsinki. The region comprises twelve municipalities, and has about 200,000 inhabitants, equivalent to four percent of the Finnish population. The population of the Lahti Region doubled from 1940 to 1975. (A Portrait of Finnish Cities, Towns and Functional Urban Regions 1999). The population of the Lahti Region slowly decreased from 1992 to 1999, but began to increase again in 2000.



Figure 1. The Lahti Region. (The Regional Council of Päijät-Häme.)

The geographical and functional centre of the Lahti Region is the city of Lahti with about 96,000 inhabitants, making it the seventh largest city in Finland. The differences in the municipalities in the Lahti Region, for example, surface area, population density, and industrial structure, are considerable. The population and industries, especially manufacturing, are concentrated around the cities of Lahti and Heinola. The rest of the region is characteristically rural and has a sparse population.

The Lahti Region has a favourable geographic location, which gives it great potential. The railway from Helsinki to St. Petersburg goes via Lahti, so the Lahti Region can be called a gate to the east. The traffic connections between Lahti and Helsinki improved as the Lahti–Helsinki motorway was completed in autumn 1999. (A Portrait of Finnish Cities, Towns and Functional Urban Regions, 1999, 60.) The Finnish Government has decided to build a new, direct railway connection between Lahti and Helsinki. This connection will shorten the route by 26 kilometres,

which will mean an average 50-minute trip from Lahti to Helsinki instead of the current 95 minutes. Construction will begin at the end of 2002 and the new railway will be in service in 2006.



Figure 2. The geographical position of Lahti. (The City of Lahti.)

The Lahti Region was strongly affected by the collapse of the Soviet Union and by the recession in the early 1990s. In 1990, there were 90,370 jobs in the Lahti Region. The number of jobs diminished over the next couple of years, so that in 1993 there were fewer than 70,000 jobs in the Lahti Region. Since then the number of jobs has slowly increased to 79,138 in 1999. (Statistics Finland.) In 1989, the unemployment rate in the city of Lahti (reflecting the whole Lahti Region) was 3.8%. Then the number of unemployed people increased rapidly, and five years later, in 1994, the unemployment rate was 26.8% in Lahti. Over a few years the number of employed people decreased by over 20,000 in the Lahti Region. Since 1995, the situation has been slowly improving though in 2000 the unemployment rate was still 17.2%.

The increased value of production in all industries was 2,400 million euros in 1989 (in 1995 prices). It was at its lowest in 1992, 1,900 million euros, and in 2000 it was 2,500 million euros. The increase in value is estimated to rise to over 2,600 million euros by 2004. During the recession of the 1990s the value of production decreased, especially in the mechanical engineering industry and other manufacturing industries (e.g. the furniture industry). Production also decreased in the textile and clothing industry. In 1999, in construction, trade, and private services, the increase in value was still below the 1988 level. The value of information communications, on the other hand, doubled its rate of increase from 1988 to 1999. (ETLA and Päijätuntari.)

In the past few years, the unemployment rate in the Lahti Region has been high in comparison to the national rate. In January 2001, the unemployment rate was 15.3% in the Lahti Region and 12.9% in the whole country (Päijätuntari). The majority of the unemployed are from industrial occupations. The region has traditionally been characterised by the manufacturing industry, and Lahti has suffered from the structural changes in industry. There were considerable losses in the core manufacturing industries, that is, metal, textile and clothing, food and beverages, and wood. (Regional Development Programme in the Lahti Region.) However, the employment situation is improving.

With a relatively high unemployment rate and a status as a declined industrial area, the Lahti Region is one of the European Union Structural Funds Objective Two regions. The Lahti Region will be eligible for Objective Two until 2006. Public funding for Objective Two in the Lahti Region will total 149.4 million euros 2000–2006. EU funding will amount to 59.9 million euros and Finnish government funding pledged for the programme will exceed 69 million euros.

The core regional strengths contributing to and supporting entrepreneurial activity are: competitive manufacturing industry; favourable logistics position; know-how in design, quality, and ecology; culture and leisure activities; inexpensive and diverse forms of accommodation; developing congress services; and EU funding. Research and development is being carried out at the Lahti University Network (consisting of Helsinki University of Technology Lahti Center; Lappeenranta University of Technology; University of Helsinki, Palmenia Centre for Research and Continuing Education; and the University of Helsinki, Department of Ecological and Environmental Sciences), at Lahti Polytechnic, at the technology centre Neopoli, in the Centre of Expertise Programme, and in the Plastics Development Centre in Nastola. (Lahden seudun elinkeinostrategia 1999–2006, 1999.)

4.2 Project: Development of Higher Education Services and Science Park Activities

4.2.1 Background of the Project

By the end of the last millennium, it had become quite clear in the Lahti Region that the region was having difficulty in transforming itself from the industrial era to the information era. After the economic collapse in the beginning of the 1990s the unemployment rate, in particular, has remained very high. Neither has the modernisation of the industry been successful enough. Irrespective of the fact that Lahti is situated only 100 km from Helsinki, one of the most dynamic economic centres in Europe, it has not been able to create enough knowledge-intensive jobs in the area.

The main problems in the Lahti Region were seen to be the low number of highly educated people and disastrous R&D spending in the region. Tertiary enrolment in the region was 38% of the age class in 2000. The average in Finland was 66%. In the Lahti Region, R&D expenditure was less than one per cent of the Finnish total. In 1995, it was FIM 715 per person, while Finland's average was about FIM 2050. In addition the gap between the regions is growing constantly. The amount of Tekes (the National Technology Agency) funding in the Lahti Region grew 40% during the last three years while the average growth in Finland was 60%. The low contribution to training and research retards business development in the Lahti Region. The region remains continually outside the important flows of information, technology, and capital, as it cannot attract them with its own expertise. This lack of information flows, technology and capital is almost impossible to be patched with other measures on competitiveness policy.

The project dedicated to modelling and developing both the higher education system and science park concept was nearly unanimously seen to be very important for the region.

4.2.2 Aims of the Project

The project under study consisted of two interlinking subprojects: development of university level services, especially university network activities, and development of a model for science park activities and implementation of a science park.

The primary objective in developing university level services is to establish the developing Lahti University Network as well as the present strong Lahti Polytechnic. The networked university and Lahti Polytechnic together constitute the university level services in Lahti region, operating regionally according to the principles presented in the Implementation Plan on Training and Research of the Ministry of Education.

The goal in establishing a science park or a technology centre is the will of a region to promote innovation and new entrepreneurship (Harmaakorpi-Pekkarinen & Serkkola 2002). The goal for Science park activities is to establish new companies, especially those that base their functions on high skill applications. A region can invest in new companies, that have originated in the science park, in the expectation that revenue and other income flow in the region through the new companies will exceed the original input.

Science park activities are partially based on the existing competence and infrastructure of a region. It works through buying services by way of the regional development strategies in order to develop the companies. Universities, research institutions, and expert companies provide the information substance.

Objectives of the project were:

- To strengthen the regional information production environment and information production
- To strengthen and to unify the regional university services and to increase regional expertise
- To create science park activities based on regional development strategies for commercialisation.

Measures of the project were:

- To create a nationally accepted Lahti model for a University Network and co-operation between the University Network and Lahti Polytechnic.
- To draft an action plan and budget for completing 100–200 university degrees in Lahti annually and begin measures for implementation of the plan.
- To draft an action plan and budget for increasing business oriented research to a level 25 million euros above the present level and begin measures for implementation of the plan.
- To create a science park model for effective commercialisation of expertise generated in the region and acquired by the region and begin measures for implementation of the model.
- To create a regional innovation and spin-off management system as part of the science park activities and begin measures for implementation of the plan.
- To make a plan for developing the science park functions and structure and begin measures for implementation of the plan.

The project was scheduled to be implemented in 1.1.2000–31.12.2001. The quantitative objectives were expected to be reached by 2006.

4.2.3 Contents of the Project

The project was implemented as part of the Lahti Region Centre of Expertise programme. The steering group of the Centre of Expertise programme also acted as the steering group of the project. The Head of Lahti Region Centre of Expertise programme, Lauri Kuukasjärvi was responsible of the project. The Project Director was Vesa Harmaakorpi, deputy director of Helsinki University of Technology Lahti Center. The expert groups consisted of a university team and a science park team. All the essential regional organisations, which also committed themselves to the implementation of the project, participated in planning the project.

From the beginning of the project, it was clear to the directors of the project (Harmaakorpi, Kuukasjärvi) that all the important actors in the region should be involved in the project. The steering group of the Centre, being also the steering group of the project, laid a good foundation for that. Nearly all the important development organisations in the region were represented in the steering group. The chairman of the steering group was the deputy mayor of Lahti.

Although the necessity of the project was clearly admitted in the region, it was clear that there were many different ideas as to how the project should be conducted. It was also known that there were different games going on in the region. Different actors had different motives and aims in developing the higher education and research environment and science park concepts. There were also some games going on in the region based on personal ambitions or unofficial coalitions. These games are often very invisible and one needed a great deal of tacit knowledge in order to be able to operate in the regional network.

The directors of the project had the privilege of being considered quite neutral. The main purpose in the communication process during the project was to maintain this neutrality. It meant that the project had to be as transparent as possible. All the important information had to be available simultaneously for the main players of the game. The main players had to be heard regarding the main questions. Had the directors been considered part of the earlier informal coalitions, it would have meant disaster for the project. The aim was to create something that in the development phase belonged to no-one, but at the same time belonged to everybody, which did not mean that there were not the leadership and management functions in the process.

There had not been a proper science, technology, and innovation policy in the Lahti Region. This had resulted in the somewhat random formation of the university units and the possible science park actors in the region. Therefore, the first task in the project was to conceptualise the random situation and provide an opportunity for discussion. The first phase was to draft the aggregate environment giving shape to the university units acting in the region. That was done under the determination "University Network". The second phase was to lay the foundation for the co-operation of the University Network and Lahti Polytechnic. The third phase was to create a science park concept, where the randomly created technology transfer organisations would work in the network, and in co-operation with the University Network and Lahti Polytechnic.

One of the main characteristics of the project was that it did not have an exact work plan. The situation in the region was so unclear that it was considered impossible to make a scheduled work plan. The steps of the project were more or less visible, but it was very unclear how long it would take to climb each step. The aims were clearly set in the project plan, but reaching them was to be an extremely complicated process. The first year of the project was planned to be a period, when all the main players in the region were needed to be fully supportive of the chosen preliminary vision of the development environment. Not only of the general aims but also of the forms and method chosen to achieve these aims.

Maintaining the transparency and open communication and information processes was considered extremely important to preserve trust in the project. This was considered very difficult, because of the complicated nature of the subject being handled, and the splintered field of actors important for the project and its aims. It was clear that some choices had to be made about the persons and organisations, which belonged to the inner ring of the process in light of the relatively scarce resources of the project. The absolute insiders were to be the directors of the university units and the polytechnic, the mayor and the deputy mayor of Lahti, and some development and funding organisations.

4.2.4 Achievements of the Project

The time period of the project covered in this paper is the first year 1.1.2000–31.12.2001. Therefore, it is necessary to explain what happened during this time. But since the project is still ongoing and has been extended until 30.6.2002 it is reasonable to briefly describe the events after 31.1.2001.

In the beginning of the project, there was a new opportunity to fund regional higher education. The regions in Finland were given the opportunity to submit proposals to the government for funding from the so-called “future packet” directed towards aiding the future development in the Finnish regions. The city of Lahti decided to apply more funding for the university activities in the region. Since there were only a few weeks to prepare the proposal, there was no time for a lengthy discussion. In the project, a model for Lahti University Network was quickly drafted, mainly with the help of the university units and polytechnic. The proposal was accepted by the universities and the mayor of Lahti signed it. Following the proposal, the region received modest funds to further develop the network university model and coordinate the co-operation of the university units. The plan made provisions for hiring a general secretary for the network university during 2001.

During 2000–2001, the science park concept was also developed further, including some smaller studies such as

- The study of environmental expertise in the Lahti Region (Päijät-Hämeen osaamiskeskus 2001a)
- The study of design education and research in the Lahti Region (Päijät-Hämeen osaamiskeskus 2001b)
- The study of research, development, and education benefiting the wood-sector in the Lahti Region (Päijät-Hämeen osaamiskeskus 2001c)
- The study of Innovation network in the Lahti Region (Päijät-Hämeen osaamiskeskus 2001d)
- The study of the Lahti science park concept (Harmaakorpi–Pekkarinen–Serkkola 2002)
- The study of the development strategy of the plastic industry in the Lahti Region (Päijät-Hämeen osaamiskeskus 2002)
- The study of strategy for the Lahti University Network (see Niukkanen–Harmaakorpi–Hennala 2002)

in order to create a substance basis for the science park concept. The aggregate model for the concept was beginning to take shape.

Since 31.12.2000 the Lahti University Network has had a general secretary. The university units have tightened their co-operation and were leading a common strategy process during spring 2002 (see Niukkanen–Harmaakorpi–Hennala 2002). The Finnish Ministry of Education also prepared an evaluation report about the effectiveness of the university units and the polytechnic (Katajamäki *et al.* 2002). The strong development process in the region could be clearly seen in the report and there was a recommendation to give more financial resources to the region.

During 2001, the science park concept was conceptualised further (Harmaakorpi, Pekkarinen, Serkkola 2002) (see also Harmaakorpi–Pekkarinen 2002). The concept was widely discussed and the principals were widely accepted. The concept is expected to have new organisational forms in 2003.

5 Shared Vision and Network Leadership in the Lahti Region – Empirical Study

5.1 General Information of the Study

In the study, the main goals were to study the attitudes of regional decision-makers and developers in the Lahti urban region. In particular, the study tried to tackle the level of

- understanding of the reigning techno-economic and socio-institutional paradigms
- shared vision of the substance areas to be developed
- shared opinion of the development methods and evaluation of the development.

in the Lahti urban region. A questionnaire measuring overall attitudes and ideas about regional networks and working methods was used in the study. As a case was used the project described in Chapter 4 was used as a case example.

The questionnaire was sent out on April 17, 2001. Answers were received at the beginning of May and the analysis made during summer 2001. The inquiry sheet was sent to 360 actors in the Lahti urban region 155 of whom responded. The response rate was 43%, which could be considered rather good.

The respondents were decision-makers and developers from the different public and private organisations as well as politicians in the Lahti urban region. Organisations/institutions were Research and Education Organisations (REO), Regional Financing Organisations (RFO), Regional Development Organisations (RDO), Public Employees of the municipalities (PE), Politicians of the municipalities (P), and Enterprises (E).

The frequency distribution of the organisations was as follows: REOs 17 (11%), RFOs 6 (3.9%), RDOs 13 (8.4%), PE 9 (5.8%), P 89 (57.8%), and E 20 (13%). Since the institutional actors other than the politicians seemed to be quite a homogenous group, this report deals with mainly two groups: politicians versus non-politicians.

Almost half of the answers came from the main city of the area, Lahti (48.1%). Other municipalities were Hollola (14.3%), Nastola (11%), Orimattila (9.7%), Asikkala and Kärkölä both (7.8%), and Hämeenkoski, with a small population, only 1.3%. Lahti actors versus the others will be considered below.

5.2 Visions, Attitudes, and Networks

An attempt was made on a general level to evaluate what kind of network actions/skills and leadership skills are considered to be important for the development work of a Finnish urban region. The actors in the Lahti urban region had to evaluate what kind of things are very important, rather important, or insignificant for the development of any urban region. The general result was that in this urban region the actors think that dynamic activity/operation, honest activities, orderliness, creating a supportive atmosphere, and decisions achieved together are ranked the most important. Of no significance to the development work are hierarchical methods and centralism. Analysis also reveals that the politicians considered that open sharing of information is very important.

What was very interesting is the fact that non-politicians emphasise the importance of dynamic activity, initiative activity, innovativeness, and vision more than politicians. One might think that vision would be very important for politicians, because of the strategic guide lines they have to give and decisions they have to make.

Choosing external partners was not very important for either of these groups. It was only rather important and among some politicians it was considered to be without any significance. From the point of view of networking, this can be considered interesting. In Lahti, the actors emphasised more than expected the dynamic activity, initiative activity, specialisation, innovativeness, creating of trustworthy relationships and vision. In the other municipalities, they considered these to be only rather important.

Now we had a picture of the things the respondents saw as important in the present society. But how do they see the same matters in the Lahti urban region? Evaluating the development efforts made in the Lahti urban region, respondents made it clear that centralism, hierarchical methods, internationality, regional centrality, and honest activity describe the attitudes and actions in the Lahti area. On the other hand, respondents also thought that creating a supportive atmosphere, dynamic activity, creating trustworthy relations, vision, innovativeness, decisions achieved together, communality, and co-operation do not describe actions in the Lahti urban region at all.

Non-politicians stress more than politicians that creating confidential relations, decisions achieved together, specialisation, and internationality do not describe actions in the Lahti area. At the same time, politicians thought that combining different ideas does not describe development actions in the Lahti area. According to the survey, the respondents seemed to have understood quite well the new nature of the network society. But, funnily enough, the old ways of acting seem to be reigning in the Lahti urban region. That is a clear sign that the network of institutions still have got a long way to go in achieving a modern and competitive development atmosphere in the region.

Which substance areas to emphasise in regional development? This is a question the regional decision-makers have to answer daily. Where to direct the scarce resources? The respondents were given nine different areas, which are all considered to be important in regional development. The respondents had to choose the three most important and the three least important of these areas. The division of the answers of the non-politicians are represented in Figure 3. The politicians' answers are presented in Figure 4.

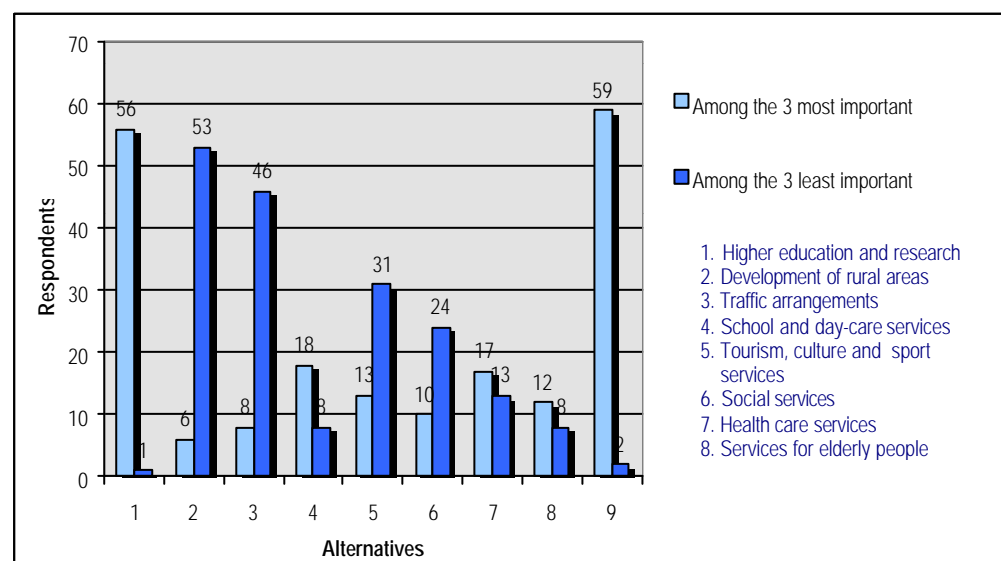


Figure 3. Substance areas to be developed in the Lahti urban region – non-politicians.

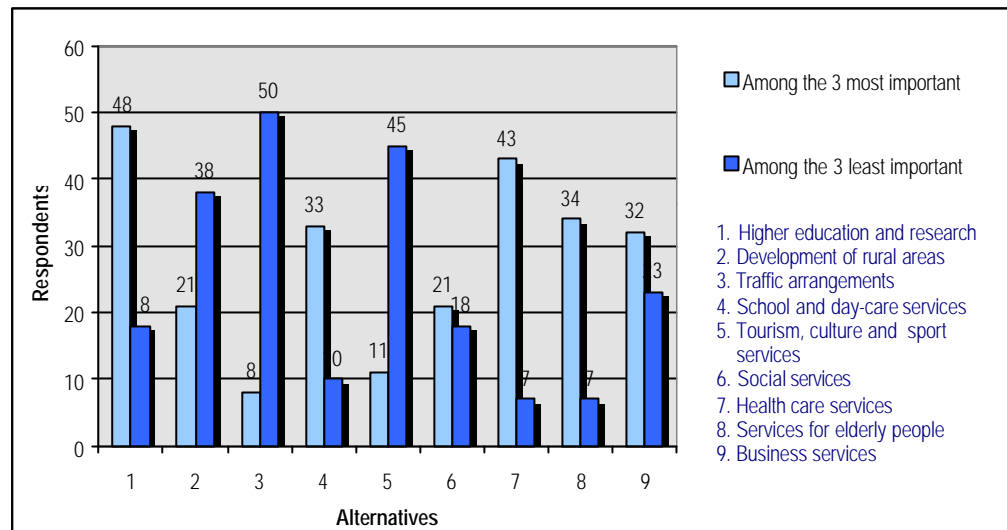


Figure 4: Substance areas to be developed in the Lahti urban region – politicians.

According to our inquiry, high-priority development projects of the Lahti urban region should concentrate on areas such as developing the university level services and business services followed by the development of health services and school and day-care centre services. The ideas to develop traffic arrangement, rural areas, and tourist, culture and sports services received the least endorsement.

The politicians emphasised more than the non-politicians improvements of the development of rural areas, social, healthcare, and elderly services. At the same time, they thought that the importance of university level services and business services (like the science park) are also the important in the Lahti urban region. The actors classified as non-politicians placed great stress on their belief that the university level services and enterprise services are the most important development areas in the Lahti region.

When the city of Lahti was compared to the other municipalities, it was found that in the core city of the region actors evaluated the development projects of university level services, tourist, culture, and sports -services, and business services as being more important than statistically expected. Other towns considered the development of rural areas, health services, and elderly services to be the most important to elaborate.

Where to get the financial resources to develop the region? The respondents were asked to choose from four alternatives:

- taking more dept
- selling public property
- raising the tax rate
- none of the above.

The division of the non-politicians' answers is shown in Figure 5. The answers of the politicians are shown in Figure 6.

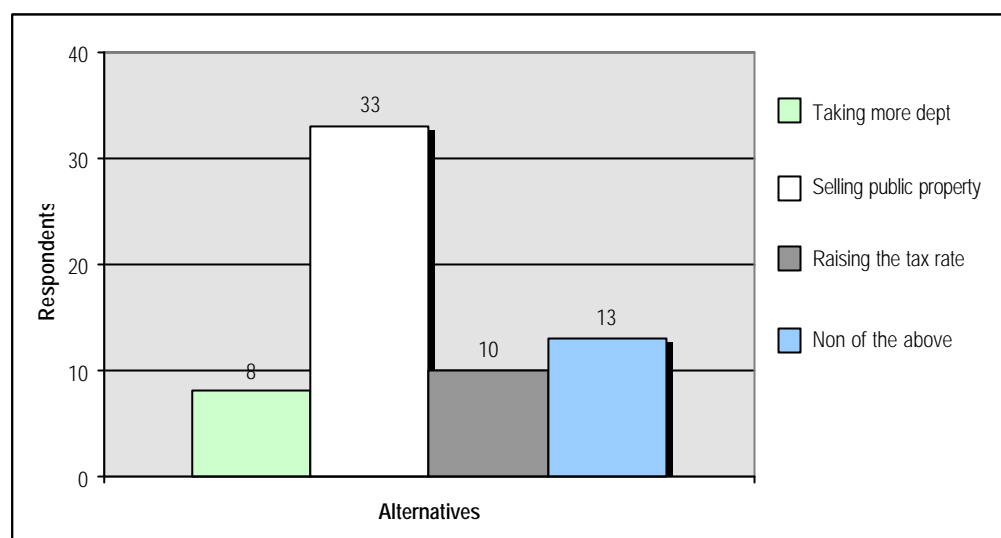


Figure 5. Alternatives for funding development in the Lahti urban region – non-politicians.

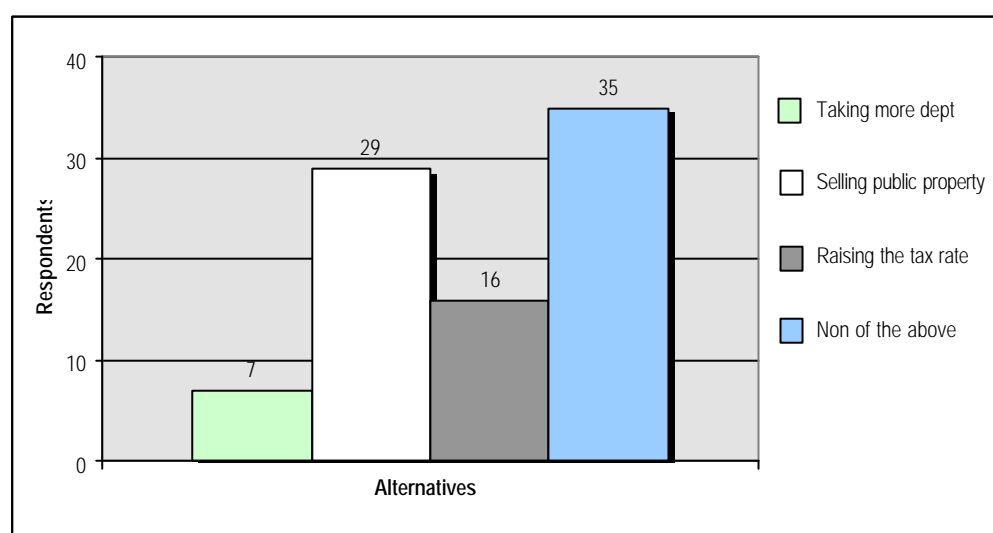


Figure 6. Alternatives for funding development in the Lahti urban region – politicians.

It was quite surprising to see the large number of respondents who wanted to sell public property to develop the region. Increasing the public dept seems to be out of the question in this case. It is worth noting that non-politicians were very willing to finance these development projects by selling public property. Politicians wanted more to raise the tax rate or did not approve of any of the alternatives offered.

5.3 Evaluation of the Development Project

The third level of the survey was to evaluate the development project described in Chapter 4. The aim was to assess how the respondents feel about one networked development project conducted in the region.

The first interesting thing was to see how well known this project, which is considered to be important, was among the respondents. If all the respondents are assessed the project was very well known by 10%, rather well known by 25%, rather badly known by 45%, and 20% do not know about it at all. The politicians, in particular, do not know enough about this project.

The project is also much better known by the actors in Lahti than in the other municipalities. The actors from the other municipalities do not know enough about the project. Overall, 33% of them do not know anything about the project and even 54% thought that they were very badly informed about the project. In Lahti, these same choices were 4% and 36% respectively.

The respondents were also asked how well they felt they were committed to this development project. 15% were very strongly engaged, 16% had some engagement, while 48% "looked on" and 21% knew nothing about the project. Here, too, the non-politicians are much more engaged in the project than the politicians. Statistically, the differences are very significant.

The same goes for the respondents compared in Lahti and the other municipalities. In Lahti, half of the actors are strongly or, in some degree, engaged in the project. In the other municipalities, altogether 85% of the respondents are only following or know nothing about the project.

The respondents also evaluated the actions done by the project. The actions of the project can be well described as visionary thinking, initiative activity, innovativeness, orderliness, honest activity and district centrality. What does not describe the project according respondents are hierarchical methods, centralism, internationality, open share of information, also combining of different thoughts and customer orientation.

The non-politicians think that initiative activity, district centrality, innovativeness, visionary thinking and co-operation describe project activities very well. Also honest activity, orderliness, and in-creasing interaction get high points. They also think that customer orientation, open sharing of information, combining of different ideas, creating trustworthy relations, committing and making decisions together describes the project activities rather well. More non-politicians said that centralism did not describe the project's activities than statistically expected.

Only a very few politicians answered the category "describes actions very well". According to the politicians, initiative activity and district centrality describe the actions in the project rather well. Also innovativeness, honest activity, vision and co-operation got quite many votes. The politicians did not give many votes for the category "does not describe at all", but there is a minority, which was rather critical about the actions of the project. When the same question is assessed from the point of view of Lahti, we find that initiative activity, innovativeness, vision, and increasing interaction describe the project well. Orderliness is described as rather well. The actors of the other municipalities gave their votes to the category "describes rather well" for initiative activity, visionary thinking, and increasing interaction.

The development network of the project seems to have these strengths: ability to co-operate (26%), expertise (22%), visionary/innovativeness (15%), enthusiasm (11%), versatility /diversity / many-sidedness (8%), orderliness (4%), district centrality (6%), and others (8%). When comparing the politicians and non-politicians, the latter gave more stress on the development network's ability to co-operate, be visionary, and enthusiastic. The respondents from Lahti

emphasised more the ability to co-operate, enthusiasm, expertise, and visionary than the respondents from the other municipalities.

The development network of the project seems to have these weaknesses: disconnectedness of the network (28%), small share of information (23%), weak economical capacity (14%), unclear goals in action (13%), slowness (9%), low commitment (8%), small number of actors (5%). Here the counts are rather small, but the non-politicians emphasise more than the politicians the weak economic resources and disconnectedness of the network. When comparing the actors of Lahti with the actors of the other municipalities, the former emphasise more the economic resources, disconnectedness of the network, unclear goals, and slowness.

Conclusions

The study presented in this paper was focused on assessing the attitudes and opinions of the developers and decision-makers in one Finnish region concerning the ways of acting under the new techno-socio-economic paradigm.

The main results of the study were as follows:

- the respondents had noticed the new demands of the information society
- the respondents thought the ways of acting in the region were not at all compatible with the new paradigm
- respondents other than politicians formed a quite homogenous group in many ways
- opinions regarding funding the regional development were not very unanimous
- although development of higher education and R&D activities were seen to be important, only a minority of the respondents knew about the project under study and were committed to the project.

Having been elected as one of the European Union's Objective 2 regions, the Lahti Region can be considered a declined industrial district. The last 15 years have been difficult in the Lahti Region and the adaptation to the rules of the new paradigm seems to have been very painful. The situation has worsened in nearly all the sectors of society. It is interesting to ponder to what extent the reigning old-fashioned ways of acting have caused the problems of the last 15 years.

There is hope, after all. The respondents seem to understand the characteristics of the network society, even though they have not been able to apply the new ways of acting in their own region. According to the experience of the writers of this report, a great deal of development has taken place since the survey was made. The regional development network is working better all the time and, for example, co-operation in improving higher education and research. The regional innovation system seems to be increasingly becoming a more natural part of the actors' daily life. One of the reasons is the measures taken in the project assessed in this paper.

Funding for the development remains a big problem. Even if there is broad agreement concerning the necessary improvement of the higher education and research environment, the region seems to be unable to fund the development. Belonging to the European Union's Objective 2 regions helps but is not enough. The only visible solution would be to sell some public property, but it seems to be impossible to get a political decision on the matter. A quick improvement in the Lahti Region needs strong initiatives on a Finnish national level.

Leading a networked development project is a complex task. It seems to be extremely difficult to share enough information with the outer actors of the network. When the network is large enough, it is impossible to be in personal contact with everyone. And even if one thinks the media reaches the actors in the field, it is not the case. The project was continuously presented in the newspapers and on the radio, but that information did not reach a large group of the politicians.

The respondents who knew the project well were very positive about it. It has clearly been very beneficial for the collective learning process. The conceptualisation of the existing situation has created a good foundation for further development.

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