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Markku Sotarauta and Juha Kostiainen

Organising for Futures in the City-Region of Tampere: Network Management and the Enabling Development Model

Introduction¹

The strategy of knowledge-based development has wide support in Finland. Universities and other institutions of higher education are believed to be the drivers of regional development, the Centre of Expertise programmes have become very popular as development tools, technology is seen as a change agent, and every self-respecting city has built its own technology centre. Various development agencies not only emphasise strategies and development programmes to direct their development efforts, but also partnership, networks and interaction to mobilise a wider spectrum of competences and resources. In the 1990s, networks indeed became the magic word for development activities, a symbol of fruitful co-operation and one of the leading principles of development activities.²

Networks have thus enjoyed wide popularity, and for a reason. It seems quite clear that mobilising the resources of any city-region requires the decisions, resources, expertise and commitment of several organisations and many different people. Promotion of economic development is, all in all, an odd world in that the borderline between dynamic action and the repeating of ritual-like mantras is thin and delicate indeed. Thin also is the isthmus between the flood of memos and meetings caused by excessive networking and genuine collaborative action. Leadership and the ability to organise have risen into a central

role in promotion of economic development in city-regions (see Sotarauta 2005).

Up until the recession of the early 1990s, the regional development system was, to a great extent, led by public administration. Stress was laid on resource allocation on the basis of pre-scripted criteria. The recession forced both Finnish companies and public actors to look for new strategies and new modes of organisation. Since then, significantly more emphasis in promotion of regional development has been placed on strategic planning, co-operation between firms, public development organisations and research and educational institutions. Consequently, new problems have emerged. Development agencies have not always been able to improve their competencies at the same pace as the operating environment and companies have changed, and network-like co-operation has proven difficult and time-consuming. It has become clear that making effective use of new action models and strategies also calls for new organisation forms, as well as more competent leadership and more highly-skilled management than earlier.

In this chapter, we will look at the development activities of the Tampere city-region, first and foremost, from the perspective of organisation and network management. We begin with the notion that development is about facing the unknown and creating something new, and that a new strategic grip ought to replace the earlier 'bureaucratic and mechanic attitude'. Promotion of economic development of a city-region is too often left at the level of administering development activities. In the background of this chapter, as well as the entire book, lie notions of a creative, learning and informational city (see Castells 1989; Florida 2002; Kostianen 2002; Sotarauta et al. 2003). This chapter aims to answer the following questions in the framework of network management: a) how is the promotion of economic development organised in Tampere, b) what are the advantages

and disadvantages of the organisation model, and c) why has the promotion of economic development been organised in the way that it has.

This chapter is based on a project entitled ‘The analysis of the development network in the Tampere city-region’, the findings of which have been published in the report entitled ‘Interpretative promotion of economic development and creative cities’ (Sotarauta et al. 2003). Moreover, the findings are based on practical experiences gained in developing the organisational model of Tampere. One of us, Juha Kostiainen, first worked in the 1990s as the managing director of Finn-Medi Research Ltd and then in 1997–2001 as the director of business development of the city of Tampere. One of his most important tasks was to renew the development model in the city-region of Tampere. Markku Sotarauta also participated in the discussion of development strategies and the organisational model. Therefore, the analysis and notions in this chapter are founded on both research and experience gained in practice. We have sought to balance our data so that the evaluations of the functionality of the model are based on the above-mentioned research project and, most importantly, on the 35 interviews³ and other research material gained during the project. The selected quotations are from the interviews, and they represent the main observations of the study. The experiences of Juha Kostiainen, and partly also those of Markku Sotarauta, are used to identify and present the basic assumptions and principles underlying the enabling development model of the Tampere city-region.

Network management in the promotion of economic development

Promoting economic development in a city-region is a complex interaction process between many actors, through which

economic development policies emerge. All actors have their own strategies and goals, which in practice means that managing the development process is by definition an 'activity between strategies and goals'. Even though Finnish city governments often play an important role in the economic development of their city-regions, they are in no position to direct or control the strategies of enterprises, organisations or families, for instance. The management of development efforts cannot be described as 'top-down', or 'direct and control' models, nor is strategic management able to easily define and implement 'objectives to serve the common good'. Strategy preferences are more often than not formed and reformed by balancing different interests and seeking third solutions. Often they emerge from dynamic processes, and are thus also dependent on the logic of the situation and political judgement as to what is feasible and what is not (see Healey et al. 1995). The various development strategies and programmes are hence not top-down policy formulations, ready to be implemented, but arenas for discussions, battles and quarrels. It is in these processes that new policies and development projects often emerge to be later legitimised in the official policy arenas. Consequently, the economic development of a city-region cannot be controlled by a single actor, and it cannot be founded on hierarchical power relations. In this sense, it can be seen to constitute a more network-like activity (Sotarauta 2000, 130; Klijn & Teisman 1997, 98), often affording development networks a crucial position in the launch and implementation of new processes.

The term network here is simply defined as the social relations that represent varying degrees of intensity, and that are organised in different ways between mutually dependent actors with the aim of promoting common interests. The emergence of network relations demands the recognition and acceptance of mutual dependence. A network does not rely on hierarchical

relations, but on ties characterised by loyalty, solidarity, trust and reciprocal support. The notion of the development network refers to the actors who through their own activities and mutual co-operation have a strong influence on the development of a city-region. A development network often constitutes a loosely coupled and organised strategic network. It can be characterised as a typical policy-network (see more Sotarauta 2001; Kostiaainen 2002; Linnamaa 2004). As Kickert et al. (1997a, 6) state, policy-networks are more or less stable patterns of social relationships among interdependent actors, and they take shape around policy issues and/or policy programmes.

With development networks, it is not always possible to find distinct leaders or management responsible for collaborative activities. Rather, management can be construed as the effect of different actors on themselves and each other, and thus in principle, several network leaders can be identified at one time (Kickert et al. 1997b, 167–168). This does not, however, mean that all actors have the same amount of power in the network. In practice, some participants may carry more weight and dominate more than others, due to possession of important resources, crucial information, networking skills, and so on. All in all, it is characteristic of network management to have strong orientation towards facilitating interaction processes, communication among different actors, and orientating to goal-searching rather than goal-setting.

According to Klijn & Teisman (1997), network management may address perceptions, actors, and institutions and the relations between them. Perceptions refer to differences and similarities in the actors' values, goals and perspectives on a given issue. The inclusion of perceptions as one of the focal points in network management is based on the fact that actors do not react directly to reality, but to internally constructed perceptions of reality (van der Heijden 1996; Sotarauta 2001). Contrary to what is

often expected in Finland, management by perceptions does not necessarily aim at a consensus, but at creating a common base for joint decisions, while accepting and respecting the positions and perceptions of other actors. The focus on the actors intends to influence the individual games and combinations of actors in the entire network (those who are included and those who are not included) as well as the interaction between actors. Moreover, the actors' goals and preferences may change in the course of the process. Thus, it is difficult for the actors to know in advance which goals will be achieved in the process, and what will be the results of the strategy process. Actors are required to learn from their own and other actors' goals and strategies in the course of the process (Klijn 1997, 32; Sotarauta 2001).

The term institutions refers to the relatively permanent modes of operation, rules and resources and the organisational field which give the network its external form. When orienting to institutions in network management, the aim is to indirectly influence all present and future actions as the 'architecture' of the network changes. So, the aim is to develop institutions so that interaction between actors can be arranged to ensure optimal success of development efforts (Klijn & Teisman 1997). Next, we will discuss the ways in which the various development actions of Tampere, and its emerging development network, have been organised, and why. It is possible to think of the process as the first steps in conscious network management in Tampere, with the aim of acting in society through institutions and perceptions, and the co-operation of various actors engaged in development efforts.

Change in the development strategies of the city of Tampere

Knowledge intensity has become the spearhead in the development strategies of the city of Tampere, and the whole city-region which comprises seven autonomous municipalities. In the economic development strategy drawn up in 2002, the vision of the city is to become one of the most attractive environments for knowledge-intensive companies and living environments for skilled people (*Kyä lähtee* 2002). Thus, the most recent economic development strategy continues to highlight the aspect of knowledge intensity, already firmly established in previous documents. At its core lies the idea that Tampere should be able to maintain and continue to create high-quality innovation environments in selected fields of business and research. However, it is also worth noting that the emergence of a knowledge base and the development of structures and thought models supporting it have been long processes. They have not emerged in one strategic plan or development programme but as the outcome of several plans and, most importantly, of individual perseverance and years of work (see Kostiainen & Sotarauta 2003).

The birth of a knowledge-based economy in the city of Tampere could be construed as follows: from the 1950s to the 1980s, its structures were reinforced based on the development view of individual people along with small active groups, and accelerated by the active co-operation of these actors. By the end of the 1980s, the city had progressed to developing both a knowledge-based economy and an information society, though not using these concepts. Still, in the mid-1990s, a certain formalisation and systemisation of the new thinking were still missing. The general spirit of the times, as well as the strong perceptions and interaction relationships shaped by industrial culture and tradition, slowed down the transition

from emphasising the traditional industry to a sharper focus on innovation and expertise. In the 1990s, with the national economic depression and the change in the spirit of the times in Finland as a whole, the significance of the knowledge-based economy began to be more broadly understood in the city. With the support of previous structures and institutions, more emphasis was afforded to technology and innovation activities. In other words, the innovation system was consciously strengthened (more about the development of Tampere, see Kostiainen & Sotarauta 2003; and other chapters in this volume).

After the mid-1990s, the knowledge-based economy was institutionalised to become part of the development thinking and development activities of Tampere through strategic planning. The aim of the earlier strategies had been mainly to create new jobs, whereas the new strategy, published in 1998, placed the emphasis on the dynamic interaction between jobs and a skilled workforce. In other words, on the fact that, particularly in sectors requiring high-quality expertise, the provision of a skilled workforce attracts companies and new jobs, and not only vice versa, as had been believed earlier. In a certain sense, at that time, the City of Tampere started to take its first steps towards building a creative city in the Floridian spirit (see Florida 2002). What was felt to be particularly important was that the strategy included a clear definition of the clusters whose development should be focused on. The Centre of Expertise Programme prepared earlier laid the foundation for choices made in the strategy process, mechanical engineering and automation,⁴ healthcare technology, information technology and tourism were selected as focal points (*Tampereen kaupunkiseudun...* 1999). The Centre of Expertise Programme and the economic development strategy were the central forums in selecting the clusters considered to be important from the viewpoint of future development.

The areas of expertise selected for the Centre of Expertise Programme received a certain local 'strategic status'. In addition, the programme boosted the co-operation of key actors in the selected areas of expertise, and the Centre of Expertise Programme has thus become one of the most central interaction forums (see e.g. Kautonen et al. 2002; Martinez-Vela & Viljamaa 2004; Sotarauta et al. 2003). The choices made in the Centre of Expertise Programme were also suitably complementary. In Tampere, mechanical engineering represented the traditional area of expertise in which internationally significant companies were already operating. In the 1990s, information technology was in turn starting to grow fast alongside Nokia, and with regard to healthcare technology, the Finn-Medi Research Ltd for support of firms in the field was about to be completed. In addition, there was already a strong belief in the prospects of medical informatics both in Tampere and in the whole country. The Centre of Expertise Programme also provided a good development impetus to the transition into cluster-based thinking, accentuating horizontal co-operation.

Upon preparing the new Centre of Expertise Programme in 1998, the areas of expertise introduced were information technology, mechanical engineering and automation, medical informatics, communication and digital and new media, and knowledge-intensive business services (*Tampereenseudun osaamiskeskusohjelma* 1998). The significant role of knowledge-intensive services had been acknowledged in some studies after the mid-1990s.⁵ The first Finnish study on the topic was conducted in Tampere in 1998 (Kautonen et al. 1998). However, the national selection board failed to accept knowledge-intensive services as part of the programme, even though all of the other areas were included. In Tampere, the importance of developing knowledge-intensive business services was nevertheless believed in, and therefore a decision was made to continue developing

them with local funding, without an official programme status or government funding. Finally, in 2002, knowledge-intensive business services were officially included among the Centre of Expertise areas of expertise.

Making knowledge intensity the base of development activities and raising the target level can be illustrated by comparing the 1998 economic development strategy to the 1987 and 1990 economic development policy programmes. The central differences in the perceptions behind the strategies are that the 1998 strategy shifted to cluster-based development and identified those strategic clusters that needed to be developed. The earlier programmes talked about sectors, but no choices in regard to the focal points in the development had been made. In addition, there is a clear difference in how the city sees its own regional role. In the 1987 programme, the City of Tampere is seen as a 'regional centre' and as a 'location of some state functions'. In addition, the strategy talks about the 'label and right of an industrial city'. In 1990 the emphasis was already on 'know-how', which in the year 1998 was changed into a more clearly defined 'knowledge intensity', and into developing the city into an 'exemplary European city of lifelong learning' (*Tampereen elinkeino-ohjelma 1987–2000; Tampereen elinkeinotoimintojen kehittämisohjelma 1990–1995; Tampereen tulevaisuus...*; Kostiainen & Sotarauta 2003).

After the rise of the information society thematic into the core of both Finnish and European rhetoric at the turn of the year 2000, the City of Tampere started began to look for a new approach to accelerate the development of the information society. In Tampere, the information society was not only seen from the viewpoint of economic development. The aim was to develop the information society comprehensively as a driving force that would renew the entire local community. Thus, at the end of the year 2000, the eTampere Programme saw the light of

day. It consists of seven different sub-programmes and its budget amounts to EUR 132 million (Kostiainen 2001; www.etampere.fi). This large development programme has attracted broad national and international attention. Based on the same line of thinking, a seven-year development programme in biotechnology, BioneXt Tampere, was launched in 2003 with a budget of EUR 100 million (for more information, see www.bionext.org).

The main significance of the new strategic thinking established at the end of the 1990s lies in the fact that it helped:

- to establish, formalise, and systemise the development activities built on expertise, technology, innovations and knowledge. The collective development view was strengthened when more and more actors saw that development was being built on knowledge intensity. This was especially strongly influenced by the change in the spirit at the time in Finland towards emphasising innovation
- to continue to raise institutional thickness by establishing new specialised development agencies to answer for the development of the selected focal points
- to create new co-operation forums for development activities (for engaging a wider spectrum of actors to development activities) – interaction among key actors began to develop step by step into a more network-like activity
- to raise the ambition level of the promotion of economic development. The eTampere programme aimed to make the city of Tampere a ‘world leader in the research, development and application of the information society’, and a hub in global networks instead of being a provincial centre. Raising the ambition level has affected perceptions by forcing people to think about their own actions in broader contexts than earlier, and in a more demanding operating environment. At the same time, an increasing number of

actors have realised that these more far-reaching aims can only be reached through co-operation.

Basic assumptions underlying the enabling development model of Tampere

The new economic development strategy for Tampere, and the thinking on which it was based, also required a new mode of organisation.

In Tampere, as well as elsewhere in Finland, one of the main problems in development activities lies in that often the organisations (and people) engaged in developing a region look at development at an overly general level, as a whole, and therefore do not have much in-depth knowledge or understanding of the dynamics and logic of the targets of development. In the 1990s, a need to deepen substance knowledge in economic development was identified in Tampere. Consequently, Tampere has step by step created a network-like mode of action which aims to create innovation environments for selected clusters by deepening substance knowledge and increasing networking skills in development activities. In the early 2000s, the organisation of the economic development policy in Tampere is based on what we have labelled the *enabling development model*.

First of all, enabling refers to the idea that economic development policy should employ several different resources and channels that best suit each situation, time and place. Enabling is implemented at two levels: a) General development agencies enable specialised development agencies to specialise in developing their own focus clusters. At the strategic level, the task of general development agencies, in particular the city of Tampere, is to steer the activities of specialised agencies by developing the institutional structure and by acting as financiers and strategic leaders of development activities. b) Specialised

development agencies aim to bring about the emergence of as good an innovation environment as possible for their target clusters, and in this way to create preconditions for enterprises and intra-cluster co-operation.

The enabling development model is largely based on the activities of specialised development agencies. The main specialised development agencies of Tampere and their specialisations are as follows:⁶

- *Technology Centre Hermia Ltd* – automation and mechanical engineering, information and communication technology
- *Finn-Medi Research Ltd* – healthcare technology, co-ordination of the BioneXt Programme
- *Media Tampere Ltd* – new media and communications, co-ordination of the eTampere Programme
- *Professia Ltd* – knowledge-intensive business services
- *Tuotekehitys Ltd Tamlink* – technology transfer
- *Tampere Convention Bureau* – tourism
- *Ensimetri* – advisory services for new business enterprises
- *Sentika Partners Ltd* – venture capital services for enterprises (funds: Pikespo, Tasku)
- *Innofinance Ltd* – venture capital services for the seed phase (fund: Tamseed)
- *Tampere Science Parks Ltd* – provision of facilities for enterprises

If we look at the Tampere development network as a whole, we would also need to include the Employment and Economic Development Centre for the Tampere Region, The Council of the Tampere Region, the University of Tampere, Tampere University of Technology, the polytechnics, the Tampere Chamber of

Commerce and the Regional Organisation of Pirkanmaa Private Enterprises.

The enabling model is based on the following four basic assumptions.

- *Development is organised around clusters*

Organising development activities around clusters began with identifying the central clusters and entrusting the development of each cluster to a specialised development agency. As mentioned above, the strategic clusters (complemented with tourism in the economic development strategy) have been identified in the Centre of Expertise Programme. The aim is to gain sufficient specialisation to deal with the strategic issues of the cluster in question. The purpose here is to prevent the role of the general development agencies from becoming too strong in development activities, since this might create a danger that substance knowledge will not develop sufficiently. On the other hand, it is believed that the strategic responsibility for developing the city-region has to be in the hands of the municipalities, and that it is not possible to leave it in the hands of specialised development agencies living, quite largely, on demand. Vision would then remain narrow, and the needs of some clusters may be over-emphasised. Therefore, the steering and strategic leadership of the economic development policy is still kept as part of local government decision-making, which makes it possible to co-ordinate zoning, service provision, etc., with economic development policy measures in the spirit of a comprehensive development policy.

The purpose of building development activities on clusters and specialisation is:

- *development activities are based on the best possible substance knowledge and expertise*

One of the most central ideas in the enabling development model is that economic development and business services have to be taken as closely as possible to enterprises, or some other focus groups, to support the development of their competitiveness. The assumption is that only sufficient specialisation and the substance knowledge that it enables can guarantee that development agencies are considered as credible partners with enterprises and other organisations. The assumption is that investing in substance knowledge makes it possible to earn the confidence of enterprises. Expertise-based credibility is also considered to be important in the long run; as the economic operating environment is globalising, the development agencies of Tampere have to be credible actors in global forums as well.

Regional development runs a continuous risk of locking in on old structures, thought models or, say, received benefits. Lock-ins may prevent actors from recognising threats in the environment and/or capitalising on new technological and scientific knowledge (Kautonen et al. 2002, 13). A very central question is then how it is possible to create a continuously self-renewing dynamic development model, and thereby prevent the lock-ins from emerging. In Tampere, the goal of making the promotion of economic development itself innovative and dynamic has been pursued

- *by creating options and internal competition within the enabling development model as well as by strengthening the internal motivation of the development agencies to improve their own expertise.*

This principle has been implemented so that specialised development agencies are independent actors that must be able to maintain profitable business operations. Thus, the aim is to 'marketise' the development services so that their financing is

not exclusively public. Specialised development agencies are at the same time both actors engaged in the economic development policy, and independent enterprises. The basic idea is that in the enabling development model both municipalities and enterprises buy development services from specialised development agencies. From them, the city of Tampere and other municipalities buy development services and implementation of certain segments of the Tampere economic development policy. Municipalities can, in theory at least, submit the administration of the different sub-areas of their economic development policy to competitive tendering among other actors too. This is assumed to provide the possibility to intensify functions and if needed to shut down functions that are not working or that are useless, more easily than if they were part of municipal organisations. For enterprises, the model provides an opportunity to find the best possible expert help from among several different options for their own development processes. Although specialised development agencies are in a special position, in the long run we can see a situation in which purely private expert enterprises also have sufficient substance knowledge, when they too can take part in the competition over the implementation of the projects and programmes, in accordance with the legislation governing public acquisitions.

Within the model, the reverse side of the overlapping of competition and co-operation as well as the relatively broad independence of specialised development agencies is the risk that the activities disperse. It is therefore assumed that the economic development strategy and the Centre of Expertise Programme will form a backbone for the enabling development model. In other words

- *the economic development strategy steers all development activities and the enabling development model. The Centre of Expertise Programme in turn directs the creation of cluster-*

specific innovation environments, and large development programmes are used to create long-term competitive advantage.

What is essential then is that the economic development strategy has been prepared in co-operation with regional development agencies, educational institutions, universities, and business enterprises. The actual responsibility for execution and implementation lies with either specialised development agencies, or with other co-operation partners. In other words, developing each cluster requires its own development strategy which should be in line with the overall economic development strategy, and which at the same time makes it more precise.

Behind the enabling development model lies the idea, the wish and the aim that the promotion of economic development would become dynamic, flexible and continuously self-renewing. This dynamism has been further increased by the eTampere and BioneXt programmes, both of which operate cross cluster boundaries and increase in-depth specialisation. Although the responsibility for their co-ordination lies with designated development agencies, a particular management system has been created for them in which the role of research institutes is stronger than that in the Centre of Expertise Programme. The logic behind the enabling development model is summarised in Figure 1.

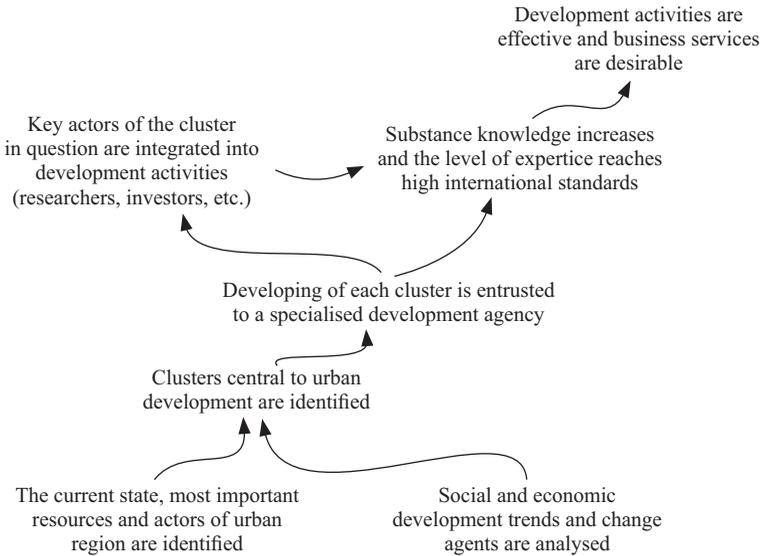


Figure 1. The logic behind the enabling development model of the Tampere city-region

In the 2000s, the promotion of regional development in Finland is clearly more network-like than in the 1980s. In practice, however, the current mode of organisation is more or less hierarchical and network-like simultaneously, because in addition to the attempt to network, its action models are still strongly influenced by the hierarchy of the national development machinery (see Sotarauta & Lakso 2000; Virkkala 2002). Behind the model based on buying and selling the development services, we can see an attempt to build a development model that is based on markets and networks.

Evaluating the functionality of the enabling development model

Roughly speaking, the attitudes of the interviewees towards the enabling development model can be divided into three groups: those who think that the model is good, those who want to renew it, and the ignorant or indifferent. In any case, the most positive attitudes have been shown by those who have participated in the creation of the model in one way or another, and who have attained an understanding of the basic assumptions and principles underlying it. In the interviews among those taking a positive stand, as well as among those taking a less positive stand, were some that were in any case seemingly willing to continuously develop the enabling model which they considered not to be optimal as yet.

In the following section we will look at the most central factors contributing to the functionality of the enabling development model. These are unfamiliarity with the model, tension between decentralisation and centralisation, specialisation and development of expertise, the relationship between mechanicality and dynamism, and the significance of management and leadership.

Unfamiliarity

The enabling development model of Tampere seems quite unorganised and partly confusing to many actors. Only a few people understand its basic principles, the network behind it and the roles of actors belonging to it as a whole. The basic principles of the model are understood only by those actors who through their work look at it as a whole, or by those who are responsible for developing the model, or a part of it. Other actors see mainly those parts that touch the activities of their own organisation, and all that is outside seems confusing. The largish size of the

Tampere city-region and the largish number of actors obviously make it difficult for many interviewees to evaluate the enabling development model as a whole. The development activities are by necessity dispersed, which means that different actors act in a certain part of a network but have no ability to be involved in the activities of the entire development network.

The basic assumptions behind the model have not been widely discussed, and therefore these principles and assumptions, and the practices emerging along them, are understood only by few key individuals. To others, it appears as a series of single events and a number of separate organisations. In practice, there have been no vigorous attempts to make the enabling development model in any way visible as a whole. At the same time, it has to be noted that from the start the creation of the model has hardly taken place consciously and it has hardly been based on the presented basic assumptions. At the beginning, single organisations were founded to meet some practical needs and in the course of time a more comprehensive grip has begun to be built slightly more consciously on the existing organisations and action models.

Dispersion

One of the themes that have brought about the most intense discussion is the dispersion of the model: is it already too complex and fuzzy?

The enabling development model consists of several fairly independent organisations, and those actors who feel that the model should be renewed view it as already too dispersed into too many parts. Some actors stress the need to have a more clearly articulated and structured development model (see also Kautonen 2002, 94), and according to them the promotion of economic development should be concentrated in one organisation, and thus form a strong organisation responsible for developing the

city-region instead of a network of several agencies. In the current model, volume and effectiveness have, however, been pursued in another way, by building large development programmes.

A dynamic enabling and network-based model in turn stresses the organisations' capability to compete and co-operate, and their responsibility for their own operations, leadership, individuals and teams as well as the ability to create something new and strategically adapt to changes in the environment. The enabling model does not pursue centralised, optimal and co-ordinated knowledge production. Information acquisition and the creation of new knowledge are part of every organisation's tasks. Creation of new knowledge needed in promotion of economic development is, first of all, seen as an interactive process in which what is crucial is not the formal position but the ability to acquire, produce and apply new knowledge. What brings tension in the discussion is that the enabling development model is based on the dynamic organisation mode, but in practice it is a part of a development system of public administration that is used to the mechanic mode of organisation. Excessive dispersion can also be caused by model-internal competition, which is believed to increase the dynamism of development work, but that in practice can also further disperse activities.

There are many actors that compete for the same money. Of course competition does ensure quality. We may still ask if it makes sense to use an awful lot of resources to acquire money through competition and then be left without funding in the competition. Also, preparations have to be invested in a lot, and then there will often be no resources left for implementation. In other words, this development system and its efficiency should be called into question.

Some actors in turn feel that excessive concentration of functions would stiffen renewal, and leave the activities at an overly general

level. Therefore the dynamism of the development activities might suffer.

If there's one operative actor, then it should be the business development office . . . business development agency or a technology centre ltd, so if everything is concentrated in it, it follows that the activities are still more general than what they as cluster-influenced activities would be. The closer we get to the operations of firms, the more substance-centred the development is. It can get to practical matters, it has operational credibility, and it makes things move.

In the mechanic mode of organisation, the essential question usually is 'how well does the organisation serve the system'. In Finnish regional development policy arenas, there is a strong belief in the system and it is still believed that the task of many organisations is to serve the development system. However, the enabling model, which is based on dynamic understanding on organisation, is also based on shared power. The roles and tasks of the actors are only partly based on official positions, but more clearly than earlier on people's skills, expertise and ability to co-operate. Therefore the question becomes more and more about how the development organisation serves the individuals and teams that cross organisational borders – what kind of working environment and creative problem-solving environment⁷ are they able to offer to the experts of the field.

The fear of dispersion becomes concrete, as several interviewees ended up analysing at length the role of other organisations as part of the development system. In these contemplations, we can see a wish to achieve as clear roles and agreed division of labour in advance as possible, and there is indeed a reason to take the danger of dispersion seriously. However, the question here should not be about how the organisation is made to serve the system, but how the network

serves the organisation, and vice versa, and in turn how the whole that emerges from this serves the development of the city-region. The discussion of the enabling development model is largely crystallised in different views on a good model of organisation arising from different perceptions over economic development and how to direct it. Simply put, the aspects accentuating mechanic systems, on the one hand, and the dynamic, more organic network, on the other hand, seem to be set against each other. From the viewpoint of the enabling development model of the Tampere city-region, two questions emerge: a) should the activities be concentrated in one development agency or in a couple of development agencies, or b) should the enabling model be made more visible, and should better leadership and network management skills be learnt?

Specialisation and in-depth expertise

Those who think that the enabling model is good emphasised, most of all, its built-in aim to specialise and to create preconditions for in-depth expertise.

‘Here we have somehow understood as a centre the municipal business development offices; in other words that they [business development offices of the municipalities in the city-region] attend to general local economic development policy. For sector-specific development these specialised agencies have then been founded, to get better expertise in each theme than what it would be possible to get in one organisation. Exploiting them makes it possible to speed up and increase development activity, create efficient projects. In my opinion, this model is extremely effective.’

‘In my opinion, this economic development policy model works well here in the Tampere city-region, I don’t think that we could have reached the same results by using another model.’

The enabling development model creates the preconditions for in-depth expertise, but the increase in expertise needed to reach the level required by the model is a long process, and many actors' skills and competencies are not yet developed to the level of the organisational model. The intensity of development activities can mainly be considered fairly good. Development activities involve several people who take their work seriously, and who do it with 'great passion' and with a high level of expertise. However, what makes the model vulnerable is the fact that the intensity and expertise related to development activities lie with fairly few individuals.

Recruiting adequately qualified individuals for promotion of economic development is often difficult. The results are achieved slowly, the activities seem slow and stagnating and in public administration the pay cheque is usually not a competitive asset either. One of the basic ideas behind the enabling development model is that the specialised development agencies can create the kinds of working environments in which professionals can be paid the appropriate wages and offered challenging tasks. At the same time, however, the question can be raised whether the development model of the Tampere city-region and its development agencies are all in all sufficiently attractive.

Summary

Finnish economic development is characterised by a strong belief in knowledge, technology and universities, as well as in the network-like mode of action. In the city of Tampere, the knowledge-based economy began to be developed with, more or less, a clear goal in mind several decades ago, but only in the 1990s were knowledge intensity, cluster-based development of innovation environments, and an action model based on specialised development agencies formalised and systemised as a

central part of the development strategies. What was significant in this was the Centre of Expertise programme, which in 1994 provided the selected clusters a certain strategic status, and which has been central all along. In 1998, the aim of the economic development strategy was to improve the competitiveness of the city-region, not to create new jobs as such, for example. At the same time, attention was paid more clearly than before to the dynamic interaction between the workplaces and the skilled workforce. The aim of the eTampere programme and other strategic development programmes has been to raise the target level and ambition of the development activities. Raising the target level was a message sent to the people and organisations acting in Tampere and to those outside the city. A new time calls for larger and more efficient measures as well as more intensive co-operation than earlier among universities, enterprises and public development agencies.

The form of what we here have labelled the enabling development model first took shape partly on its own. Later it was more consciously developed into a network-like mode of action, where specialised development agencies play a central role. These are mainly public or semi-public companies that are specialised in developing certain clusters and that have the municipalities of the Tampere city-region among their main clients and directors of activities. The idea is that specialised agencies also have other clients and that they thus are also market-based actors.

The enabling development model of the Tampere city-region is mainly considered to be good, but the point with most criticism in it seems to be the dispersion of the model. From the mechanic organisation point of view, the enabling model is indeed dispersed and blurred. From the viewpoint of the dynamic model, dispersion and lack of clarity may, with the right leadership and management, be factors of innovativeness and dynamism. At the moment, these are not the aims, the model as

a whole not being known well enough, and the new management and leadership skills being still to emerge. The arguments of those considering the model to be good and of those who take a more critical attitude towards it, are based on a relatively narrow view on the enabling model and its good and bad sides. Therefore, what is once again needed in Tampere is an open debate on the future, and on how to organise the development activities for the future emerging in front of our eyes every day. The enabling model, based on continuous self-renewal, thus sets entirely new requirements for management, because it cannot be managed by direct command relationships. The enabling model requires leadership, conscious management of networks and continuously open channels of communication among the development agencies and other actors. If there is wide awareness of the basic assumptions and principles of the model, there is a good chance that it will develop into an as dynamic and continuously self-renewing model as hoped for. If it remains foreign to even those organisations that are part of it, it is very likely that the functionality of the model suffers and it also remains fuzzy among the partners (e.g. enterprises).

With good management and strong leadership, it might be possible to combine sector-specific substance knowledge, creation of general-level competitiveness and new strategic openings with each other. Because the model is heavily specialisation-oriented and manifold, its co-ordination is still relatively difficult if the capabilities of the City of Tampere and other key leading network actors do not develop to meet the new requirements. In management emphasis should not be laid only on understanding the whole cognitively, but also particularly on communication skills and social skills. The ability to create a believable interpretation of the future, the ability to create an inspiring vision and energise the actors with continuous, rightly-timed communication and the ability to create trust

relationships between fairly different actors. The whole cannot be 'under control' in a traditional sense either, and therefore certain uncertainty just has to be tolerated. The model also easily causes conflicts of interest and makes organisations and actors seek their own interests. To counterbalance the trust relationships, a strong ethical vision and ability to tackle problems are needed as the activities are ultimately financed through public funding.

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Endnotes

- ¹ This chapter is translated from Finnish by Ms Marjukka Virkajärvi.
- ² On networking in Finnish urban development, see e.g. Linnamaa 2004.
- ³ Interviews were conducted by Reija Linnamaa. The authors of this chapter claim responsibility for interpretations made of the data.
- ⁴ During the first programme period automation was removed from the focal point of information technology and linked to mechanical engineering.
- ⁵ See e.g. Miles et al. (1995).
- ⁶ Specialised development agencies are typically owned by public sector bodies like City of Tampere, local universities, Tampere Region Hospital District and national development agencies SITRA and Finnvera Plc. In Oy Media Tampere Ltd and venture capital companies ownership is mostly private.
- ⁷ See Raunio (2001).