Local Responses to Global Changes

Economic and Social Development in Northern Europe’s Countryside
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Work Life in Transition is a scientific series published by the National Institute for Working Life. Within the series dissertations, anthologies and original research are published. Contributions on work organisation and labour market issues are particularly welcome. They can be based on research on the development of institutions and organisations in work life but also focus on the situation of different groups or individuals in work life. A multitude of subjects and different perspectives are thus possible.

The authors are usually affiliated with the social, behavioural and humanistic sciences, but can also be found among other researchers engaged in research which supports work life development. The series is intended for both researchers and others interested in gaining a deeper understanding of work life issues.

Manuscripts should be addressed to the Editor and will be subjected to a traditional review procedure. The series primarily publishes contributions by authors affiliated with the National Institute for Working Life.
Preface

The Nordic-Scottish University Network for Rural and Regional Development (NSN) was established in 1996. It is an open forum for researchers and development workers in the Nordic Countries and Scotland. The objectives among other things are to foster the exchange of research and practical experience within rural and regional development within the “Nordic Rim”, to develop new ways to disseminate rural research knowledge and to improve links between the academic community and the world of practitioners. NSN is an interdisciplinary network. For more information and national contact persons, see: http://www.lews.uhi.ac.uk/Nordic-Scottish.

NSN organizes annual conferences on rural and regional development. The 6th Annual conference “Sustainability in Rural and Regional Development” was organized in August 2002 in Östersund, Sweden. The organizers and sponsors were NIWL (National Institute for Working Life), ITPS (Swedish Institute for Growth Policy Studies) and Nordregio (Nordic Centre for Spatial Development). The conference was attended by 51 researchers and development workers, with 26 papers being presented. A selection of these papers has subsequently been reviewed for publication. The editors for the volume represent the programme committee:

Lars Olof Persson, Nordregio
Ann-Mari Sätre Åhlander, NIWL
Hans Westlund, ITPS

The programme committee wishes to express their sincere thanks to Anette Forsberg and Jörgen Lithander, both at NIWL, who were in charge of the Secretariat for the Conference and who undertook almost all of the planning and organisational work. The editors would also like to express their sincere thanks to the 28 anonymous referees who have made an important contribution to improving the quality of the papers. We also express thanks to Chris Smith who has checked and improved the quality of the English language, and to Annica Nordin for copy-editing.

Östersund and Stockholm in November 2003
The editors
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Information technology and networks in small enterprises in rural area

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Rural communities facing challenges and conflicts

Lars Olof Persson
Ann-Mari Sätre Åhlander
Hans Westlund

The book begins with three articles dealing with the challenges and conflicts faced by rural communities, where social rather than economic development is the predominant focus.

Social – environmental conflicts in Irish rural development

In-migration and the construction of new houses in the countryside are normally seen as positive features for rural development. Ciaran Lynch shows in his article that such developments are to be seen in rather more problematic terms when environmental concerns are taken into consideration. During the Irish economic boom of the late 20th Century, the historic wish of the people to live in the rural areas of the country reasserted itself. This wish, partly driven by increasing affluence, partly by the cost of housing in the urban settlements and partly driven also by the desire of landowners to liquidate some of their capital assets, has led to substantial pressure for development in the Irish countryside. This pressure subsequently led to the development of two bodies of opinion in the country. One, which represents conservation interests, central government, the planning profession and local authority management, proposes severe restrictions on such development. This proposal is made on the basis of the lack of sustainability of such development, the fact that it is not associated with the employment location of the prospective residents in question, and with regard to the implications for fossil fuel use and water quality. The second body of opinion, which represents rural communities, local political representatives and agricultural interests, supports a much more liberal approach to such development. This perspective is based on concerns for the social and economic sustainability of rural communities. This body of opinion suggests that the decline in rural communities will lead to a stranded and isolated population with a very low level of service provision. In addition, there is a perspective that development in the countryside is effectively the right of those who were born in such an area. In the light of the context within which the debate is taking place Lynch suggests a solution within the context of an approach that would respect Irish history and cultural traditions.
but that would permit the issue of environmental sustainability to be given its due importance.

The “bumby” way to sustainability in rural Denmark

_Jens Kaalhauge Nielsen_ investigates the concept of sustainable societal development within the knowledge-based economy. His aim is to define and explain the theoretical meaning of the concept and to illustrate how the age of “the new economy” addresses the issue of sustainability for regional analysis. Sustainability emerges as a search for an operational understanding of the essential conditions for society’s self-preservation. These conditions have an objective and a normative dimension, as well as an “inner” and an “outer” systemic mode. The chapter clarifies the differences between societal and economic sustainability and highlights the cybernetic importance of the societal level of analysis. Generally speaking, the major transformational processes promoted by the new economy challenge the traditional industrial structure of the periphery and change the dynamic between the country and the city. These global processes increase the difficulties faced in securing balanced societal development, as the constant increase in the mobility of the factors of production creates elements of fragmentation on the societal level. The author addresses the role of knowledge in modern industrial development highlighting the crucial role of traditionally embedded knowledge as a key factor in long-term economic growth. Finally, the author emphasizes that rural districts suffer from a fundamentally disadvantaged industrial situation, and he concludes that it may not be easy to find simple, optimistic solutions to such problems.

Reflecting and reacting on modernization in rural Sweden

How do rural inhabitants reflect and act to maintain a viable local community in times of increasing urbanisation and globalisation? How could a deepened knowledge of people’s reflections and reactions to modernization processes be integrated into the policy context? _Yvonne Gunnarsdotter_ envisages two kinds of changes. First, she presents the kind of continuous changes that are part of daily life, changes with which the inhabitants of such communities are usually able to cope. Second, she identifies a number of more radical changes that are, generally speaking, more difficult for such people to handle. Rural change can be highlighted in a number of ways, not least in respect of decreasing population, farm closures, local mobilisation and new solutions in service provision and political organisation. Another point of note here is that the European Union continues to put a lot of money into rural policy. The turn from agriculture and small-scale industry to services and information also being the dominant factors in rural employment has led to a separation between habitation and production. The separation is not only spatial, with people commuting to nearby towns, it also
concerns the content of life, where habitation patterns still include the cultivation of land, even if only on a small scale, while the production and re-production of wealth is now all but separated from the cultivation of the land. Finally, the author discusses how rural policy can be formulated to better correspond to the rural inhabitant’s conception of a viable local community. She argues that the paradox of rural development is that change implies costs as well as opportunities, and that while it must be handled locally, it is necessary that rural development policies create the conditions for rural inhabitants to act in accordance with their own views. As different views exist within every local community, Gunnarsdotter’s suggestion is that, as a complement to economic and legal policy instruments, methods for handling conflicts, social learning and other communicative instruments that empower the inhabitants to act in a way that maintains the local community without conserving it or completely renewing it should also be introduced. The re-creation of local communities thus presupposes change, but not discontinuity.

Local associations, social networks and local economic development

The next four articles all highlight the extent to which the formation of local associations can contribute to economic development.

The role of local associations in rural areas

Local associations and networks are considered to be important in the development of Danish rural areas in spite of the fact that no systematic knowledge of their importance has been gathered and collated. The study by Marianne Bay Nielsen attempts to remedy this lack of knowledge by presenting the results of her study on the impact of 155 local associations in connection with development in a rural municipality in Denmark. The study is built on two groups of theories according to which local associations can play a role in economic development. The theories respectively emphasize the importance of the feeling of local solidarity and the importance of networks in development activities. The study shows that the impact of local associations and networks as regards the future development of the local area seems to be predominantly indirect. As such, local associations and networks as they are currently constituted must then be regarded as a necessary and indispensable, but also insufficient factor in the development of the local community, including local trades and industries.

Survival, or economic development?

The starting point for Ann-Mari Sätre Åhlander is that local development groups and new cooperatives have increased in Sweden in the 1990s. With the help of a
number of economic theories the author analyses why and how this has happened. As state and market no longer develop “hand in hand” room is made for other actors. The difficulties faced in attempting either to run commercial activities or to maintain social services in rural areas moreover implies that a space exists that may potentially be filled by the voluntary sector. The increasing cost of the welfare state, together with low interest in privatisation options again suggests that cooperatives could have a role to play here. People who want to stay in rural areas mobilize to secure the supply of services. There is then a need for social entrepreneurs, as well as a measure of strategy in order that people may continue to function in their local and social surrounding. One major problem in this regard is however that the cooperative solution may not be feasible if it is not perceived as complementary to the work already done by the local authorities. The lack of financial support and an over-reliance on voluntary work are other problematic factors. The author concludes that although there are many requirements that have to be fulfilled in order for the social economy to be a lever for local economic development, with time it may be that such an approach will enable villages to survive. The social economy may thus have a stabilising effect, while we can say for certain that local economic development will be indirectly affected if the maintenance or creation of local social services actually prevents people from moving out of such rural areas for good.

Can local social capital be transformed?

The article by Hans Westlund, Anette Forsberg and Chatrine Höckertin studies local social capital in two rural districts of Sweden. In contrast to Robert Putnam’s view in Making Democracy Work (1993), the authors view social capital as something that may have both positive and negative effects on the functioning of a community. Therefore, they do not attempt to measure the quantity of social capital in the two districts but instead see to use a qualitative approach. The article concentrates on the relations between local political/public bodies and local development groups. The authors find that the political bodies have acted somewhat differently towards local development initiatives in the two districts. According to the study, this has contributed to differences in the number of development groups and to differences in the social capital of the local culture, leisure and service environments. There are, however, few examples of the social capital stock in these environments spilling over into changes in production environments, in the form of attitudes to entrepreneurship or risk-taking, for example. The study supports the view that private and public actors can change local social capital. Local organizations who act as intermediate nodes between the local groups and the political bodies seem to be of particular importance. However, according to the authors, the results suggest that changing local social capital is a long-term mission that demands sustainable work.
Danish and Dutch farmer groups as agents in landscape management

The article by Anne Gravsholt Busck focuses on the potentials of farmer groups as agents in “bottom-up” approaches to landscape management. Public regulation of farmers’ practice is most often aimed at the individual farmer, and linked to national and international policies and priorities. However, the very nature of landscape management underpins the relevance of farmer groups as agents, because landscape issues such as preventing soil erosion or the provision of ecological corridors often require actions that extend across property boundaries. In order to optimise the achievements of individual farmers’ landscape practices, spatial co-ordination is essential. Two cases are presented: environmental co-operatives in the Netherlands and planting associations in Denmark. Focusing on organisational aspects, the analysis compares experiences gained in the two countries in order to achieve a differentiated understanding of the potential for and shortcomings of farmer groups as agents in co-operative landscape management. In addition, the relationships between emergence, organisation and achievement are pointed out. One of Gravsholt Busck’s conclusions is that the activities of the farmer groups need to achieve a professional and institutional profile if public authorities are to delegate decisional powers to such groups. Such delegation is an essential aspect of co-operative approaches. However, a high degree of delegation may have the drawback of public authorities losing interest in the activity of the farmer groups themselves. In addition, a professional organisation may fail to encourage a culture of active, committed involvement at a local scale as activities become characterised by routine.

An economic policy based on “bottom-up” and partnership approaches

There are three contributions that highlight the possibilities of and potential problems with partnerships, where the roles of the municipalities and of businesses, as well as the gender aspect, all come into focus.

Partnerships in rural policy implementation

The article by Ella Mustakangas and Hilkka Vihinen deals with the question of local partnership and its consequences for the implementation of rural policy in Finland, in contrast to corresponding Nordic developments since the EU membership in 1995. The new modes of governance correspond to changes in the Finnish Municipal Act and to regional administrative re-structuring, as well as to the regulation of partnership and the regional-national administration of EU structural funds. The empirical study was conducted in four rural municipalities in southern Finland. The study makes a profound contribution to our understanding of the situation of municipalities in the Nordic countries, with explicit
examples of changes in Finnish legislation on regional development and of the impact of the absence of a regional level in Finland. The authors highlight possible problems with partnerships in the rural areas as well as the preconditions for successful partnerships. In the last section of the article, the authors identify some critical partnership aspects as well as potentials based on the findings in their case studies. One such conclusion is that the legitimacy of the forms of new governance put in place in rural areas should be clarified and discussed more openly.

**Where have all the women gone?**

The Swedish government have recently introduced a new element of industrial policy into a bill on regional policy. Swedish regions were invited to design and negotiate Regional Growth Agreements (RGAs) with the Ministry of Industry. “Where have all the women gone”, by Ursula Hård, describes and analyses the Regional Growth Agreements from a gender perspective. These agreements are regarded by the Swedish Government as the major instruments of what is referred to as “a new regional policy”. The empirical data is based on interviews with County Experts in Gender Equality and Regional Resource Centres for Women in Sweden’s 21 counties, conducted in the spring of the year 2000. There are two important conclusions. Firstly, that the different regions have not succeeded in integrating a gender equality perspective within the Regional Growth Agreements, despite the declared intentions and expectations of the Government. Secondly, even though one of the purposes with the notion of “a new regional policy” is to bring in as partners those groups and networks who previously have had little part and influence in regional development and growth issues, the different regions have scarcely succeeded in doing this.

**Businesses as lead partners for growth in rural Sweden**

Bo Svensson’s chapter deals with the Regional Growth Agreements initiative from a rural development perspective. Two cases are presented where business interests have taken a strong role in rural development activities and eventually made their voice heard in the RGA process. Both cases show how discontent primarily with local governments and their treatment of local development issues of crucial importance to the survival of business triggered private actor engagement. It seems obvious that public activities did not satisfy business interests in the regions and necessitated their initiatives. While research on rural mobilisation usually pays attention to, and registers the important role of voluntary organisations in filling the initiative vacuum, business took responsibility in the two cases presented here. When in motion, however, public bodies played important roles as supportive actors, but traditional planning processes were not possible in this rural development perspective. The limited involvement of voluntary organisa-
tions should be understood as an expression of their marginalisation in issues relating to economic growth, where leading actors in the partnerships did not consider them key actors in this context.

Business and market development

Finally, we have four contributions that focus on the conditions for business development in rural areas.

**Rural sustainability through “portfolio farming” – Finnish experiences**

One important component part of the European Union’s rural policy is the number of measures enabling agricultural enterprises to start up businesses in other branches. But how successful are the farmers that diversify their production compared with traditional farmers? This question is discussed in the article by Kari Mikko Vesala and Juuso Peura, where they compare Finnish farmers running other business besides farming (portfolio farmers) with conventional farmers and rural non-farm small business entrepreneurs. Their results suggest that portfolio farmers experience more personal control over the success of their business than do conventional farmers, and that this experience is connected to the competitiveness and profitability of the firm as well as to the social relations in the entrepreneur’s working environment. In particular it seems that customer relation seem to be crucial in this respect. Concerning the variables studied, the portfolio farmers were more similar to the rural non-farm entrepreneurs than the traditional farmers. The authors’ conclusion is that their results underline the importance of social relations, or social networks in general, for business performance.

**Use of IT in small firms’ networking**

Karl W Sandberg investigates the use of information technology and networks in small enterprises in one particular rural area. The point of departure is that information technology provides an opportunity for small enterprises to improve their competitiveness. The author argues that networks are becoming important as a means of describing the linkages between small enterprises in rural areas. The study has taken the form of semi-structured interviews with leaders of 60 small enterprises in a rural area of Northern Sweden. By proposing an interactive approach to the research in the future through combining participant observation with the interviews, with each part of the research essentially building upon what has been learned at a previous stage, the concept can be continuously refined and developed allowing an even greater understanding of networking in small enterprises to be attained. The goal of such practices in the framework of an interactive research approach should, according to the author, be to investigate and
develop networks between small firms, with special support for female entrepreneurship in rural areas.

**Entrepreneurs in transaction with the social economy in rural Sweden**

How do small enterprises emerge and prosper in general, and particularly how do they do so in the social economy? This is the basic question dealt with in Jörgen Lithander’s chapter. His case study includes six job-creating processes in rural Sweden. The study revealed a number of common features within the enterprises and organisations concerned. First, in all the cases he found a propensity towards unpaid, voluntary work. Secondly, most were very interested in the future of their local surroundings and therefore considered local development to be an important goal. In fact, in two of the cases they even stated this interest as the main reason for starting the business. A further issue dealt with in the article relates to the need for a positive view of co-operation. Interviewees stressed the importance of not being left alone during the start-up process. Eventually as they run into problems the feel that they can handle them more easily within a team as opposed to being on their own. Interviewees moreover reported that they helped, or wished to help, others during their start-up process by using their own experience. They also expressed a wish to meet other entrepreneurs and to use them as sounding boards. The interest in environmental issues is another point worthy of note; four of the six had an explicit environmental policy. Finally, we should also consider points related to the entrepreneur’s unfamiliarity with being an employer rather than an employee. This suggests a need for education in personnel administration, legislation, etc.

**Focussing on transitional labour markets in rural Sweden**

The *transitional* characteristics – i.e. from education to work, from care to work, from unemployment to work, etc – of the labour market are becoming more transparent. There are theories explaining the nature and scope of such “transitional” behaviour exhibited by the current labour force, stressing, life chances or career options in different places. Lars Olof Persson argues that with specific regard to the Nordic countries, the dysfunctions of the many small labour markets in depopulating regions are in particularly worrisome. The likelihood of good transitions occurring in these regions are extremely limited and decreasing over time, in spite of the large input of labour market, social and structural policies. As such, this suggests the need for a “Northern dimension” to be given to the European policy for full employment and for extraordinary attention to be given to this problem. For large parts of the northernmost territories that are sparsely populated, it is questionable whether they will ever provide functional markets for labour. Already today, they are dominated by a secondary labour market, based on publicly subsidized employment. The aging population in these
regions demand services from the shrinking local labour force. The author thus poses the pessimistic rhetorical question: How can we formulate a policy for “making transitions pay” in these northernmost parts of the European space? His answer is that there exists a wide range of policy measures relevant to influence flows to and from employment in the transitional labour market in general. The better coordination of measures, and more flexibility in their implementation is however desirable as regards labour market policy, structural funding policy, and social and health policy, as well as in education and the study support system.
Capacity and community
– The balance between the social and the environmental
in a specific cultural context

Ciaran Lynch

Introduction

Rural housing development in Ireland has traditionally been of a dispersed nature and rural communities have often been based on an inhabited countryside rather than on settlements. This pattern of development was significantly altered during the latter half of the 19th Century when emigration and urbanisation led to substantial depopulation of the rural areas of the country. This depopulation led to declining communities with little leadership and a declining sense of optimism and purpose.

As economic prosperity returned to the country in the late 20th Century, the historic wish of people to live in the rural areas of the country reasserted itself. This wish, partly driven by increasing affluence, partly by the cost of housing in the urban settlements and partly driven by a wish of landowners to liquidate some of their capital asset, has led to substantial pressure for development in the Irish countryside.

This pressure has led to the development of two bodies of opinion in the country. One, which represents conservation interests, central government, the planning profession and local authority management, proposes severe restrictions on such development. This proposal is made on the basis of the lack of sustainability of such development, the fact that it is not associated with the employment location of the residents and the implications for fossil fuel use and water quality. The second body of opinion, which represents rural communities, local political representatives and agricultural interests, supports a much more liberal approach to such development. This perspective is based on concerns for the social and economic sustainability of rural communities. This body of opinion suggests that the decline in rural communities will lead to a stranded and isolated population with a very low level of service provision. In addition, the notion exists that development in the countryside is a right of those who were born in such an area.

The Irish planning system that manages development, including that of rural housing, was introduced in the mid 1960s. This system, which reflects the UK system though with some important differences, was traditionally relatively liberal towards the construction of houses in the countryside. Though local
planning policies often spoke of concentrating development in towns and villages, in practice this policy was not adhered to.

It may be argued that the scale of development in the 1960s, 70s and early 80s was such as not to give rise to major causes for concern regarding these matters. However, over the last 10 to 15 years, the growing strength of the Irish economy, the numbers of returning emigrants and the costs of housing in the major urban settlements have given rise to a huge increase in development pressures of all kinds including that for one-off rural housing.

This, in turn, has led to a more vigorous debate on the issue with positions being adopted that, at their extremes, propose a virtual ban on housing in the countryside on the one hand or an almost unfettered approach to rural housing development on the other.

This is, of course, not a uniquely Irish situation. Westlund, for example, has examined the Swedish situation and states that:

In total, the countryside showed a higher population increase than the municipality centres. The process of change has run directly counter to the policy that was formulated for small municipalities from the end of the 1960s onwards. The growth of rural population was spontaneous for the most part and more or less in conflict with the plans of the municipalities.

Part one – historic factors

Our histories influence the way we behave today. They are the foundation of cultural perspectives; they influence things that we think are right and things we think are wrong, they influence our desires and the visions and goals that we set for ourselves. They even impact on our perceptions of reality. In the context of the issue that is the subject of this paper, there are three areas that are of importance in terms of their impact – cultural issues, economic issues and population issues.

Cultural issues

Traditionally Ireland has been a very rural country in cultural terms. Much of its culture has had a rural base and, until the middle part of this century, even the urban population had very strong rural roots.

This cultural background is reflected in the fact that many would hold that Ireland never really had an Industrial Revolution, little large-scale industry and a very small proletarian population.

The strong rural aspect to the country’s culture has also been traditionally reflected in the extent that rural and agricultural concerns have been at the heart of the country’s decision-making processes and the extent to which rural-based organisations have been able to influence Government and other public policy.
One interesting recent example in this regard was evidenced by the foot and mouth disease crisis and the approaches that were taken, both in the UK and in the Republic of Ireland. Though the disease left Ireland virtually untouched with only one case being confirmed, the approach of the Irish Government and, more importantly the whole population, was both extensive and widely supported. In contrast, the response in the UK was relatively more limited and appeared to have had less understanding of the community at large.

In addition, the commitment of a great part of the Irish community to the rural ideal is substantial and the extent to which the population is connected with the landowning class is unusually high.

A further historical factor that is of importance but of uncertain magnitude is the effect of the ownership of the land of Ireland. For many generations the indigenous population did not own this land. While this population had a variety of tenures over the years, the majority of the land was owned by a landlord class that was viewed as being both foreign and usurping. This developed in the Irish people a particular affiliation with the land and with their rights over it when the landlord class was eventually removed and, in the Republic of Ireland at any rate, the land largely reverted to the native population. These rights are felt in many landowners to be virtually absolute. There is then resentment against any attempt to interfere with the rights of landowners to do as they please with their land. Any attempt by the State to manage the way in which land is used is seen as an imposition and accepted grudgingly at best. In addition, the rights to private property are enshrined in the Irish Constitution and it is only in recent years that the Courts have been willing to impose any significant restrictions on these rights in the interests of the common good.

**Economic issues**

The role of agriculture in the Irish economy has been extremely important historically. The contribution of agriculture to the National Economy has always been substantial. Though the contribution is declining it is still greater than the average within the EU.

The numbers employed in agriculture were very significant in the past. Again this is declining but is still significant.

Despite this, however, the historical importance of agriculture and the rural way of life creates a context in which the preservation of this aspect of the economy and of this way of life is axiomatic within Irish society at large. While there is a city-based resentment of the perceived featherbedding of the agricultural community there is still an overall acceptance of the importance of the agricultural and the rural in Ireland.
Population issues

Size
The population of Ireland has demonstrated a pattern that is unique in the developed world in that the famine of the mid 19th Century had a major and permanent impact on the population of the country. The population of the country declined catastrophically between 1845 and 1855 and continued at a low level until it started to recover somewhat in recent years. This is counter to the normal demographic pattern where even a major population decline is reversed within a relatively short period of time as the natural increase of population has its effect. In Ireland, however, endemic emigration for over a century meant that high birth rates and low death rates did not lead to significant population growth.

These historic factors have led to a decline in the size and viability of rural communities. As those that migrate from a community tend to be the more active and enterprising the rural population of Ireland tended to lose many of its leaders over time and this led to concerns about the viability of rural communities themselves.

Distribution
The Irish population has traditionally been distributed in a dispersed fashion. Historically this took place due to the large number of the population who were essentially peasants occupying very small areas of land rented from a landlord and who worked on the landlords lands as labourers. This was the population that was most affected by the famine and reduced rapidly at that time.

In the subsequent period the structure of the Irish agricultural sector also supported a large rural population. While the number of very small holdings declined dramatically in the post-famine period, the number of these holdings stayed relatively stable between 1850 and 1930 with upwards of 500,000 landholdings existing during this period. The tradition of Irish agriculture is for landholders to live on their property rather than in communal settlements and this gave rise to a large population occupying the rural countryside. This pattern was added to by the agricultural labourers that were employed by the larger landholders and who occupied dwellings that were tied to their employment or that were constructed by the Local Authorities for those on low incomes.

All of these factors have developed a folk memory or a culture of defensiveness and concern in the Irish rural population. This folk memory is one of poverty, of decline, of emigration and of communal disintegration. This memory has developed in the community a wish to ensure that this does not happen in the future, that population loss in these areas is reversed and indeed that these populations are preserved, protected and expanded.
Part two – current development patterns

Population change

The brief discussion above outlined some of the historical factors that influence the difficulties in coming to a national consensus on the management of housing development in rural areas. As well as these historical factors there are a number of more recent factors in Irish society that have had an influence on such matters.

Amongst these are population changes in more recent times, the density of population in Ireland and the nature of the development that has been occurring.

The overall population has grown as shown in the next table. Here we can readily see that the population of the State has been growing steadily since 1966.

Despite this aggregate growth at a State level, such growth was not shared equally across the various parts of the Country. The provinces of Leinster and Munster that contain the greatest concentrations of urban centres have grown the most, while the populations of Connacht and Ulster are still well under their 1926 population levels.

<table>
<thead>
<tr>
<th>Year</th>
<th>State</th>
<th>Leinster</th>
<th>Munster</th>
<th>Connacht</th>
<th>Ulster (part of)</th>
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<td>2,971,992</td>
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<td>969,902</td>
<td>552,907</td>
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<td>1,336,576</td>
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<tr>
<td>1986</td>
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<td>2,105,449</td>
<td>1,101,266</td>
<td>464,050</td>
<td>246,571</td>
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</tbody>
</table>

Source: Central Statistics Office, Population Census, 2002

Population movement has been very variable throughout the country. The influence of the larger cities is quite clear, as most of the areas of population growth are associated with these centres. In addition, the huge impact of Dublin can be clearly seen. As well as population growth that is occurring in both urban and rural areas throughout the country, there are considerable areas where population is declining. This demonstrates that from a population point of view, we can no longer talk about “the rural areas of Ireland”. There is in fact a range
of rural areas in Ireland. This is a pattern that would be familiar throughout much of Europe, though it is only in more recent times that it has become apparent in Ireland. This variation in population change allied to the issues that have been outlined in Part One, indicate that any attempt to arrive at a single approach to the management of rural development is likely to face great difficulty.

This population movement can be contrasted with that of Sweden as noted by Westlund. Much of the increase of population in the rural areas of the county is associated with large urban centres and can be considered as urban sprawl. However, consistent with the pattern noted in Sweden by Westlund, Irish population patterns have tended to see increases in the metropolitan and larger urban centres together with their associated hinterlands, while many smaller settlements have tended to be static or declining in population terms. Westlund notes that population growth in Sweden in the rural areas has been amongst the 30-64-age group and those up to 15. He states that:

The conclusion seems to be that population change during the period studied shows a picture almost of polarisation, with metropolitan regions increasing strongly, sparsely populated areas increasing weakly and smaller population centres particularly showing decline.

While the Irish situation is similar, the sparsely populated areas of Ireland have tended to decline, while non-metropolitan urban centres have varied in their performance.

Of course these figures must be approached with some caution. Firstly even some of those rural electoral divisions (the Irish census unit) that have demonstrated a high percentage increase in population may have shown a very small absolute growth, as the 1996 population base is extremely small.

A second factor that must be taken into account is the relationship between household size and population. The average household size in Ireland has been declining over the past few decades with a marked decline in the last ten years. Thus, a declining population may mask an increase in household numbers and this issue cannot be finally addressed until these details of the 2002 Census figures are available towards the middle of 2003.

Density

The population density of Ireland is low by European standards. Based on 1987 figures, Coleman estimated that the density of population in Ireland was 52 per square kilometre compared with a median of 116.5 in 36 industrial countries and a mean of 416.8. In 2001 the department of Agriculture, Food and Rural Development estimated that the population density in Ireland was 53 per sq. k. as opposed to a European Union average of 116 per sq. k. When account is taken of
the percentage of the population in urban centres the rural density is lower still, though difficult to estimate at the present time.

This low density of population leads to the perception that there is no pressure for space on the Irish countryside and that there is ample opportunity for development without creating difficulty. There is indeed some truth in this assertion. However, the overall truth can mask the reality that the pressure for development in the countryside is concentrated in particular types of location.

Location of housing development

There is a constant tension between those that claim that the level of permissions granted to one-off houses in the countryside is too high and those that claim that it is too low. Some figures suggest that two-thirds of housing permissions are granted in rural areas. However, this includes permissions granted within settlements of 1500 and less which accounts for many settlements in Ireland.

Rural enterprise and agriculture

As noted in Part One above, the agricultural population of Ireland has been in decline for many years. This has created a supply push for development in rural areas as well as the demand pull of those that wish to reside in their or their family’s area of origin. The supply push has been created by the low incomes of many farm families and by their need to generate income for investment, for family expenditure commitments or to deal with one of the vicissitudes that are the lot of farmers the world over. As the value of a site with planning permission for a dwelling in a rural area grew, the importance to individual landowners of the capacity to sell such a site also grew. In many cases the sale of such a site would generate a return equal to twice or three times the annual farm income. In circumstances of deprivation and serious need such an opportunity is not one to be relinquished without a battle. When allied to the sense of resentment at any interference with a landowner’s right to do with his or her land as considered appropriate by them, this created a powerful impetus to resist attempts to curtail the disposal of land for development in the countryside.

Service availability

It has been the stated if not the implemented policy of many local authorities over the last two decades to encourage development to take place in the country’s towns and villages. However, this stated objective has been undermined by a lack of infrastructure to accommodate such development within these towns and villages. This issue has been addressed in recent times but for many years the absence of such facilities brought the nominal policy of the planning authorities into disrepute. If you could not build in the countryside and there were no
services in the towns, then the only option that remained was to migrate to the major towns and cities. This was neither politically acceptable nor acceptable to rural communities and led to a further source of pressure for the development of housing in the countryside.

Part three – the system of development management

The factors that have given rise to the difficulties in managing development in the Irish countryside are related to the nature of Irish public sector governance as much as they are to social and economic factors. The nature of Irish local government, of the political system, of central/local relationships, of the planning system and of environmental management are all factors that influence the overall situation.

Nature of Irish local government

Local government in Ireland is somewhat different from that in other countries in Europe and elsewhere. In many countries local government has responsibility for a wide range of social and economic services as well as for environmental management, planning and infrastructure provision. This wide range of functions has given those authorities an opportunity to manage development and service provision in an integrated way so that the implications of one aspect of community life are taken into account when decisions are being made about another.

In Ireland the range of functions is far more limited. Virtually all education, social service, economic development, health, public transport and policing functions are strategically managed and funded from central government, though some operational control resides at regional level even if not with the local authorities. This has meant that local government in the form of the Planning Authorities have been restricted to considering physical infrastructure matters essentially, with neither authority nor responsibility regarding other matters.

Nature of the political system

The Irish electoral system at both local and national levels is that of proportional representation in multi-seat constituencies. While this has many advantages in giving an opportunity for the representation of minority political views, it has also has the effect of enabling public representatives to be elected with a very small number of first preference votes. This, it is often argued, has made national politics local and local politics community based. It is also argued that it has given rise to clientism and representation rather than a policy focus dominating Irish political thinking particularly at a local level. In the context of this paper, it has meant that the individual politician has been encouraged to react to the perceived needs of the individual seeking a house in the countryside or the
individual landowner seeking to sell a rural housing site, rather than to the policy needs of the community and the environment as a whole. It may be argued that it has also had an impact at the national level, in that national politicians, who must be re-elected in this complex and uncertain system, are inhibited from making difficult strategic decisions that would have an impact within their constituencies.

The complexity of the context for national politicians was particularly evident in the 2002 national elections, where nearly ten per cent of the seats were won by independent candidates running on a variety of local issue platforms, promising particular benefits for local electors. Moreover, such candidates often did not feel required to make statements about national policy issues.

Central/local relationships

Ireland has a tradition of a very centralised government system. While this has been changing a little in recent times, there is still a very strong influence from central Government on local government. This influence is exercised by funding control, administrative control and political control. This means that central and local government often does not operate as a seamless whole but are often in an oppositional relationship with local government demanding action and funding from central government.

It also means that national strategies, developed at a central government level with the expectation that they will be implemented at the local level, give rise to opposition and complaint as well as to attempts to undermine the policy at an operational level.

Nature of the planning system

The Irish planning system is modelled on the English system though with significant elements of difference. The critical features of the system are as follows:

- A system of planning authorities which are the County Councils, City Councils and councils of the larger urban areas.
- The adoption of development plans for each planning authority area that forms the basis for future planning decisions. These plans are adopted by the elected members of the planning authority.
- A system of application for permission for individual developments, which are decided upon by the planning authority. These decisions are normally made by the County Manager who is an official appointed through a centralised system and who has powers independent of the elected members of the planning authority. In making these decisions the Manager is restricted to considering the development plan policies and the proper planning and sustainable development of the area as well as taking into account Government policies.
• An independent appeals board which hears appeals against the decision of the planning authority.
• A right of anyone to object to a proposed development and to appeal the decision of the planning authority.

The system also makes provision for the Minister for the Environment to issue “directives” regarding the matters that must be taken into account by the planning authorities when coming to decisions. These directives would be legally binding on planning authorities. Crucially, however, this power has been used very sparingly and has never been used with regard to developments in rural areas. These directives would be equivalent to the UK’s Planning Policy Guidance notes which are used extensively by central government in that country and the lack of such guidance in Ireland is one of the difficulties facing those that wish to develop a coherent policy for managing rural housing development in that country.

While it is difficult to be certain as to the reasons for a reluctance to issues such directives, one may speculate that the electoral system that requires Ministers to seek election through the same multi-seat proportional representation process may well have a significant influence. Ministers for the Environment (who have tended to represent rural constituencies) can no more offend their local electorate than can any other politician.

Environmental management

While the planning system is very much a matter that is managed at a local level, other environmental management structures have a far greater level of input at the national and regional levels. Thus designations of areas of conservation, identification of buildings that require protection, waste management, water quality management and the consideration of applications for integrated pollution control licences have major inputs from the national and regional levels, even where operational implementation remains with the local authorities. This can have the effect of removing the immediacy of these issues from local government and limiting the understanding of local politicians of the importance of these issues and of their role in addressing them.

Part four – sustainable development in Irish physical planning

As noted above, the concept of sustainable development has now been firmly established within the Irish physical planning system. The 2000 Planning and Development Act requires Planning Authorities to take into account the “proper planning and sustainable development” of their areas when considering
applications for development. This specific reference, however, hides a range of difficulties.

**National policies**

As well as references to sustainable development within the planning legislation, the Government has published a specific policy on the same issue, while references to the concept abound in other parts of Government policy such as the National Spatial Strategy discussion papers and the White Paper on Rural Development. While these references to sustainable development may give cause for hope and while they may appear to bring the concept centre stage, they nevertheless hide a multitude of potential difficulties within them.

**Absence of definition**

The concept of sustainability is notoriously difficult to define. Though many can agree on what are its basic thrusts, there is little agreement on a precise definition. That which is often quoted, namely, the Brundtland definition, while wonderful in its philosophy is cruelly lacking in operational guidance.

While the Planning and Development Act 2000 requires that sustainable development is taken into account and indeed is one of the planks of decision-making within the planning and development context, the only concept of significance that is not defined in the legislation is that of sustainable development. A personal enquiry as to why this might be so elicited the informal response that this was a matter that would need to respond to local circumstances and flexibility would need to be given to individual planning authorities. While there is some truth in this assertion, the absence of central policy direction in any meaningful sense makes the use of the concept of sustainability arbitrary and localised to an extent that is simply not satisfactory.

**Differences in definition and interpretation**

As we have seen there is no clear definition given for sustainable development in some important contexts. Where such definitions are given, however, they are not always adequate or in accordance with any clear overall vision. Even where a clear vision appears to inform a definition, there is inconsistency in how these definitions are interpreted.

These are not issues of minor importance. The difficulties in definition and interpretation mean that a fundamental and important concept that should underpin much of the decision-making in Ireland regarding rural development is being undermined to an extent that makes it a cause for dissention rather than consensus.
These difficulties are exemplified by drawing a comparison between two Government documents – *Sustainable Development – A Strategy for Ireland* and the *White Paper on Rural Development*.

The Sustainable Development document adopts the Brundtland definition of sustainability and has a very strong environmental focus. This document states:

In general there must be a presumption against urban-generated one-off rural housing adjacent to towns.

It also states, however,

The Planning Acts enable local authorities to grant permission for dwellings for certain categories of persons whose occupations require them to be rurally based, thereby catering for genuine needs.

This is essentially the totality of the strategic view presented on the issue of rural housing in this document of 250 pages. One of the most contentious issues in rural planning and in the issue of sustainability is dealt with in a manner that leaves as many questions answered as unanswered. What is the meaning of urban-generated? What is the meaning of adjacent? What is the meaning of town? It also indicates a strong economic functionalist bias in that it acknowledges occupational need as a basis for rural residency but makes no reference to social, community or family connection as a basis for such a residency.

The White Paper on Rural Development has a somewhat different focus. This document focuses much more on the social and economic realities of rural areas than does the Sustainable Strategy document. With regard to housing development it states:

To achieve the aim of a balanced rural population, planning policy should, as far as possible, facilitate people willing to settle in rural areas, especially those wishing to remain in their own areas of origin. At the same time as respecting the aspirations of the rural community, planning policy must be sensitive to the conservation of the rural environment, including preservation of natural beauty spots and natural habitats.

Whatever we may think about the detail, there is no doubt that this document has a different emphasis. It does also say, however that

[…] the County Development Plan of the local authority […] should facilitate integrated land use and zoning objectives through encouraging the location, for instance, of commercial and residential development around existing towns and villages where water and sewage facilities can be provided.

Even within the one document, therefore, there is an uncertainty of emphasis and a lack of clarity regarding what exactly is being said.
Local policies

Local policies on sustainable development are principally recited in the Development Plans for the planning authorities’ functional areas. In the absence of clarity and definition at the central level, more recent local authority development plans have tried to address the issue of sustainability. The danger is, however, that with the large number of planning authorities that exist in Ireland radically different approaches will be taken by different authorities leading inevitably to boundary problems where the areas of different authorities meet, thus highlighting a lack of clarity for developers and a lack of vision for the rural areas of Ireland.

This is not to say that the policy responses to the issues of sustainability have to be the same everywhere. Indeed, given the disparities of population movement noted above this would not be appropriate. However, policies should be responding to a common vision of the future of the Irish countryside and its communities and to a common set of elements of sustainability and of parameters for their measurement.

It is interesting to note that in Sweden during the 1990s increasing development in the countryside ran counter to national policy and, indeed to the policies adopted by local planning authorities. Few authorities specifically decided not to follow national guidelines but the practice did not seem to follow the policies. Westlund states:

Paradoxically, after the introduction of the restrictive planning laws in the early 70s, residential building on the countryside started to increase. The growth of rural population which happened in large parts of Sweden was spontaneous for the most part and more or less in conflict with the plans of the municipalities.

Part five – contested viewpoints

This paper has, thus far, recited the uncertainty of policy regarding the development of housing in the rural areas of Ireland, some of the historic contexts that might give rise to such uncertainties and the structural and political factors that support the uncertainty. In addition to all of these considerations, there are a number of other contested viewpoints on the nature of rural areas, the nature of rural society and the way in which development in the countryside should be managed.

Urban v rural

As noted in Part one above, the political influence of the Irish agricultural and rural community has been unusually strong. The extent to which the needs of the rural communities were listened to, was, for example, indicated by the amount of
agricultural development that was exempted from development control. While this has been reined in a little in recent years it is still of great importance.

In recent decades, however, the viewpoint of an affluent urban population has been gaining more credence. This population views the rural areas of the country as a location for recreation and spiritual regeneration. As such, they require that the countryside reflect some idealised version of a rural landscape. In addition however, they also require access to the landscape, services that reflect the quality of service that they experience in the urban areas and ease of vehicular penetration to areas of high quality.

The rural population does not share this vision of the countryside. The appropriate type of housing that is demanded by this population is modern, of modern dimensions and using modern materials. The rural and particularly the agricultural population have a vision of the countryside where the functional is at least as important as the environmental. While rural dwellers and landowners do wish to protect the rural environment, they do not wish to be an anachronistic addendum to the modern, urban, industrial Ireland.

**Political v professional**

The basis upon which Irish planners are educated, and the theories and visions that they have been taught to espouse, owe much to English traditions in this field. This tradition is however based in a different social and cultural context, espousing nucleation of development in rural areas. The control of rural development in the UK tradition is very strong, and central government policy supports such control approaches. The planning profession in Ireland has adopted this tradition in general and the theories that are espoused by the planning profession reflect this tradition.

This perception is at variance with the view of politicians at the local level. Given the nature of the Irish local government system, the viewpoint of the professional has a somewhat greater impact than it might have in other European contexts. These differences of opinion have led to an ongoing battle over many years between the politicians and the professionals. The different perspectives were accommodated for many years and negotiation and compromise preserved the system intact.

In recent years, however, bolstered by what they consider to be Government policy and in the light of an explosion of development associated with the strong growth of the Irish economy (referred to widely as the Celtic Tiger), the planning profession and the local government management system have sought less compromise and have confronted the political system at local level in a more determined way. This, in turn has led in some cases to the politicians taking matters into their own hands, ignoring the advice of officials and appointing
external consultants to draw up development policies more in line with their requirements.

**Technical v management**

Traditionally the Irish Local Government management system comprised those that came through the administrative rather than the technical stream of officials. This meant that, in the past in particular, the management of the local authorities tended to be more attuned to the needs of the political system than were the technical advisers. This tended to give rise to strains between local government management and their planning professionals.

**Social v environmental**

As noted above, the definition of sustainable development includes concepts of social and environmental concern. The concept of “sustainable” is used in different ways by different groups. When social and community groups use the word sustainable, they tend to refer to social and community sustainability. They refer to the need to ensure that rural communities retain a level of population that ensures that they are viable social entities and that they retain and attract community leaders and those that will drive their areas forward. They also refer to the perceived need to retain the indigenous population and to provide them with the opportunity to remain resident in their birth communities.

When environmental groups refer to the word “sustainable”, they tend to refer to the need to protect the environment. This protection includes concepts that are relevant at a global as well as at a local level and include the need to protect groundwater, to preserve the landscape, to limit the use of fossil fuels, to minimise travel and to protect habitats and endangered species.

While it would often be acknowledged by supporters of each viewpoint that the needs of the other viewpoints need to be taken into account, their pronouncements tend to give little away to the other side. This may be due to the vigour of the debate that is taking place but it makes the creation of a sense of consensus extremely difficult.

**Community v organisational**

Even within the voluntary sector there is disagreement about the sustainability issue. In general, rural community groups tend to support the social elements of sustainability, while some national organisations, though not all are more committed to the concept of environmental sustainability.

However, a number of new organisations have recently been established to promote the acceptance of housing development in the countryside in the context
of retaining and increasing the rural population. These include Rural Re-settlement Ireland and the Irish Rural Dwellers Association.

**Central v local**

At the political level different perceptions also exist between the local and the central. As noted previously, central government has produced thinking and approaches that tend to be rejected or at least not adopted by the local political system. While there is a greater coherence between policy approaches at the official level, the differences are certainly manifest at the political level. Indeed, even in the political sphere there is evidence of disagreement at Government level, with one Government Minister promoting the idea of rural housing and urging local politicians to adopt policies that facilitate such developments.

This central/local tension is also demonstrated by the position adopted by the independent board that hears appeals against planning decisions. Given the socio/political nature of the planning system in Ireland, decisions to grant permission are sometimes made as the outcome of negotiations between the political and technical/management systems at the local level. When these decisions are appealed to the appeals board, they are often reversed, with permission being refused even where it had been granted at the local level.

**Part six – towards a solution?**

Any approach to a solution of the debate must start with agreement on the fundamental issues. It is suggested that this can only emerge from an understanding of the concept of sustainability and the development of an operational response to that understanding. All of this is being proposed in a context that might well not be accepted by post-modernist planning theorists. The approach being proposed does assume that we can understand the dynamics of rural areas and of the communities that inhabit them and that management responses can be devised that will influence the operation of those dynamics. The suggestions for further work made here are, it is acknowledged, a contribution to the issue. As noted by Westlund in the Swedish context:

> The increase of population in the countryside has for the most part run counter to the thrust of municipal planning. The effects of the frequently very uncritical way in which town planning was copied in rural municipalities have not been studied in Sweden. A study of municipal planning compared with its outcome in the form of settlement patterns in the municipalities would afford new insights into the role of municipal planning as an instrument of local development.
This demonstrates the range of issues that must be addressed if the question of the management of rural housing development is to be properly answered.

**Definition of sustainable**

No definition of sustainability will be attempted here. So many have tried and there has been so little agreement on the matter that it would be a futile exercise. Nevertheless, it can be argued that sustainability has four elements

- Social sustainability in which social systems and structures are maintained in a manner that will ensure a culturally acceptable quality of life for those living within such structures.
- Economic sustainability in which the ability of a particular social structure to provide for its own physical needs are capable of being maintained over time.
- Environmental sustainability in which the environmental impacts of actions are taken into account when public and private decisions are being made, in which the use of natural resources is minimised and in which the capacity of the environment to accommodate the unintended physical and biological outputs of human actions is considered.
- Sustainability of process in which public decisions are made using mechanisms that have regard to the needs of all and in which the needs of the voiceless and the weak are given particular attention.

These elements of sustainability are not always compatible and it is the search for a balance between them that gives rise to difficulty. However, even if the appropriate balance is elusive and shifting a willingness to search for that balance is the first step in coming to some resolution. In the context of this paper it is proposed that the concepts of sustainable rural communities and environmental carrying capacity are the two boundaries within which decisions regarding rural development can be placed.

**Sustainable communities**

The concept of socially and economically sustainable communities is one that underlies the concerns of those that argue for a less restrictive approach to rural development. This concept is set in the context of population decline, decline in the numbers engaged in agriculture and the removal of rural services including rural schools, post offices and so on. In such a context the fear that such communities will face inevitable and irreversible decline is real and understandable, as even if such communities do enter a terminal decline they will still retain a population that may end up stranded and abandoned.

So what is a sustainable community in an Irish context? It was suggested above that we simply do not know. It is not even clear what might be deemed to
be a community for these purposes. The religious parish has been an important social unit for many generations but there is no guarantee that this unit is still the most suitable basis for deciding on sustainable communities. And what are the parameters of a community that might deem it to be socially sustainable? Again we do not know. Even if work has been done on this issue in other countries it would not necessarily apply in an Irish context as these matters have a strong cultural specificity. And do we know the factors that give rise to socially sustainable communities? Again, we do not. What would make a community stable and socially self-sufficient in an Irish rural context is not clear. It is thus proposed that those that argue, either implicitly or explicitly, that housing development must be permitted in rural areas in order to ensure the sustainability of rural communities, are basing their arguments on supposition and anecdotal evidence rather than on any clear understanding of what they are trying to achieve. Moreover, merely permitting houses to be built in rural areas will not, of itself, provide a solution to the issue of socially sustainable communities.

**Environmental carrying capacity**

Those that espouse the more environmentally based view of sustainability propose that housing in the countryside should be severely curtailed and have put forward many arguments as to why this should be done. These arguments include those relating to the use of fossil fuels, the protection of groundwater resources, the protection of the landscape, the economic provision of services, the creation of sufficient population mass to support community services and so on. Many of these arguments, however, are also based on the assumption sometimes stated, sometimes not that “things cannot be allowed to continue like this”. While again accepting that this argument has validity, the question is what does “like this” mean? Indeed, as noted above, there is a huge variation in development pressures and needs throughout the country. In this context it is suggested that the environmental carrying capacity of units of countryside should be used as the basis for assessing the amount of development that different areas can accommodate. The more that these areas can equate to those on which the socially sustainable community is based the better, but even if they are sub-units of those areas, this is not an insurmountable problem.

No proposal can be made at this stage as to what the criteria for determining carrying capacity might be, but it could include:

- The nature and vulnerability of the landscape.
- The extent and assimilation capacity of water resources.
- The extent and fragility of important habitats.
- The average extent of travel that the servicing of the community with social and economic services might require.
- The extent and nature of historic landscapes.
Using criteria of this nature, the extent of development that would be appropriate in different locations could be determined, at least in some rudimentary way.

An important element in determining the carrying capacity of rural areas would be the processes by which such determination would be made. While the criteria to be used and the factors to consider could be designated nationally, the carrying out of the assessments and the determination of outcomes would require a participatory and inclusive approach that would have regard to the opinions of the local communities as well as the opinions of “experts” and professionals in the field.

**Summary of approach**

The approach suggested here therefore, is one that would acknowledge the two critical aspects of sustainability in the context of the rural areas of Ireland – sustainable communities and the environmental capacity to accommodate such communities. These two concepts would set the limits to development in most areas with some exceptions. For example:

- In some circumstances, the carrying capacity of the environment might be such as to prevent the establishment of sustainable communities. In these circumstances it may be that such areas must be accepted as being of particular environmental importance with the needs of the environment taking precedence. Where such areas are identified other solutions to community support and maintenance would need to be sought and given public sector backing.

- In some circumstances the carrying capacity of the environment might be such as to accommodate levels of development that would be excessive. Upper limits to development in rural areas might also be set that would not permit excessive development even where communities considered that the carrying capacity was high.

Of course this is, at this stage at least, a preliminary proposal that needs considerable refinement. It does not address many practical issues as to where development might be permitted, in what circumstances and to whom. However, if the fundamental concept were to be adopted and worked on solutions to these other issues would more than likely be found.

**Conclusion**

This paper has examined one aspect of sustainable development that is of particular interest in the context of Ireland, namely, rural housing development. The issue is one that has become a topic of political debate and community action, and one that does not seem to be coming to any satisfactory conclusion. This
paper has examined the background to the debate and has suggested some reasons for the particular nature that it has taken. It has also been suggested that conventional approaches based on those used in other countries and cultures will not necessarily be accepted in an Irish context. Nevertheless, it also acknowledges the need for sustaining the environment and for ensuring that rural housing development takes place with due regard to environmental as well as social considerations.

In the light of the context within which the debate is taking place it suggests an approach to a solution that would respect Irish history and cultural traditions but that would at the same time also permit the issue of environmental sustainability to be accorded due importance.

References


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Sustainable societal development in the knowledge based economy
– with special reference to regional analysis

Jens Kaalhauge Nielsen

This analysis addresses sustainable societal development in the knowledge-based economy.¹ Currently, an important change is taking place in the international economy that has become known as “the new economy”. The advances in information technology have compelled this change.² The main feature of the New Economy is the increasing influence of IT, which is changing the general organizational structure of business. One result is the increased importance of knowledge as a factor of production.³ Also, through the facilitation of IT, in its basic role as a general technological paradigm, a new structure of high-tech and research-sensitive branches has emerged everywhere. These “new” branches have moved into the center of international market’s affairs, while more “traditional” modes of production have declined or moved away from the highest developed countries. Taken as a total sum, it all added up to a major industrial revolution with great implications for all aspects of social life.

In the light of regional analysis, we shall investigate the question what difference the new industrial revolution has for the concept of sustainability. One thing, we can notice is that the new economy has a tendency to change the regional balance. The reason is that the expanding businesses of the new economy tend to grow out of an environment characterized by easy access to research institutions, highly qualified labour and knowledge-intensive support systems. The big cities were historically those places that facilitated this environment and consequently the new economy establishes its growth centers here. This tendency of favoring the cities has naturally considerable implications for the regional balance, since the balance will tend to shift to the disadvancement of the periphery at least within the initial stages of the process.

¹ In this analysis, I will use the terms “the knowledge based economy” and “the new economy” as two interchangeable concepts.
² International Monetary Fund, The Information Technology Revolution. World Economic Outlook, October 2001.
One major indication of this process is the major change of demographic balance, which has happened in the Scandinavian countries during the 1990s.⁴ In most of the Scandinavian countries, we have experienced a drastic emigration from the country toward the big metropolitan cities. What for quite a long time was considered a special Icelandic case has now become a broad Nordic pattern. This trend has created a new pattern of regional imbalance, which ultimately is threatening to erode the foundations of the most marginalized communities. Eero Holstila, who is the manager of a major program in the Helsinki Region has assessed that the expansion of the metropolis lies embodied in the imperatives of the global economy and that “the needs of the Metropolis will emerge with more vigour.”⁵ He predicts, “the current concentration and urbanisation process cannot be stopped and that it will continue, perhaps for up to 20-30 years.”

Lars Olof Persson and Ola Nygren, who have work with prognosis of the development of the Swedish labour market, have also identified this tendency toward a concentration of forces. They predict that Sweden’s labour markets around 2040 will have become reduced to around 40, from today’s 109 and that most population’s dynamic and industrial activity would have concentrated around three major city regions.⁶

Another important trend, which is a part of this picture, is the phenomenon of commuting. Commuting is not a new phenomenon but its volume has steadily increased and it has reached proportions, where it is challenging the classical concept of community and changes the meaning of local development. In the classical notion of community, we assume the concept of a place, where people both lived and worked, but how do you address the issue about local business development in a place where no one works in the first place?

The article is structured along the following lines. Section one analyses the general concept of sustainable societal development by defining its properties and discussing important elements of its conceptual framework. In section two some implications of the new economy are briefly discussed. In section three, the Danish case is outlined in order to show the concrete consequences of the new economy on the regional industrial balance. Section four discusses the strong importance of knowledge in the new economy and focuses on the strategic importance of the local knowledge base for innovation and competitive growth. The final session discusses how various variables might influence the future industrial development of tomorrow’s rural districts.

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The main focus of this analysis is to clarify the theoretical framework of concept of sustainable societal development. In addition, this exposition will discuss how the current state of global transition provides an illustration of the problems of regional and local sustainability. For reasons of space-limitations, we cannot at this occasion go into a systematic discussion of the linking of the general theory of societal sustainability with that of regional analysis. In this approach, the discussion of regional development is one of illustration and preliminary analysis.

Naturally, the issue of ecological sustainability is very important for the analysis of sustainability as a general concept yet, in this article, I have chosen to bracken the issue for reasons of space limitations.

The concept of sustainable societal development

By the concept of sustainability, we shall define a society’s persistent capacity to reproduce itself on conditions, which are valid for the nature of the system.\(^7\) In the original debate of the concept of sustainable development as it was reflected in the Brundtland report (1987)\(^8\) and later in the Rio Earth Summit declaration (1992),\(^9\) it was emphasized that society should live in a certain persistent harmony with nature and within the quest of future generations; in the elaborate meaning of sustainability suggested here, it is equally implied that society should be able to live in harmony with its own evolving capacities.\(^10\) Generally, the key

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\(^7\) By system, we imply any social actor may it be societies, communities, regions, or districts, which by any meaningful interpretation can be view as having the minimum conditions for an adequate self-sufficiency. From an empirical point of view, the difference between various types of actors is enormous; from a logical point of view, however, they can all be analyzed as systems. (It is a little like the game of chess. The empirical game of chess can be played in endless combinatoric ways expanding the whole scope of human imagination, yet still despite all complexity the rules of the game remain the very same).

\(^8\) Obviously, the debate about “sustainable development” has no clear-cut starting point one could as well take the Club of Rome debate of 1972 as its “original” starting point. For a while the term was strongly associated with concerns with ecosystem and “green development” (including the contribution of William Mark Adams (1990)) yet, it was clear that sustainability naturally involved a conceptual base that addressed the whole context of society. For reasons of space-limitations, we cannot here go into an elaboration on the enormous scope of the historical debate on sustainable development. This debate is naturally, an ongoing enterprise latest articulated at the World Summit in Johannesburg in 2002. See, William Mark Adams, *Green Development: Environment and Sustainability in the Third World*. London, New York: Routledge, 1990.


\(^10\) We might argue that our harmony with nature is primarily a societal problem since our concept of nature cannot significantly become separated from the value-scheme by which we interpret our relationship to nature. In other words, our definition of nature is an act of society’s own self-definition. In this way, the “ecological dimension” lies implicit in the societal. The concept of sustainability, I am using here, expresses an extended view of
question regarding sustainability is one of societal self-control. The operative goal of sustainability is to safeguard the persistent function of the pattern-maintenance of a system. A system is by definition not sustainable if the pattern maintenance system breaks down. A system, which general functions is a pre-condition for other systems, and which is essential for the reproduction of society, we will call a higher-level system. A sustainable act always occurs within a system of higher and lower values. Such a system is constituted through a system of societal prerequisites. The basic way, by which mechanisms of sustainability work, is by protecting the stability of higher-level systems by the regulation of lower-level systems. One crucial aim of the theory of sustainable development is to be able to codify the components of the general structure of higher-level systems in society, so that the hierarchy of control within the system is understood in its logical implications.

In the heart of the concept of sustainability lies the recognition that human societies only can prevail if they aim at a long-term balance between various inclinations of the system. Generally, to understand what a sustainable society is, is to understand the intrasystemic hierarchy by which a social system consists of a functional order of interactive subsystems. A deeper understanding of the factors of sustainability will coincide with the understanding of the logic of the intrasystemic hierarchy. The focal point for the concept of sustainability must be a homeostatic situation, where the system operates within certain optimal boundaries both vis-a-vis its environment as well to itself. Whether the system is static, developmental or in “flux” has nothing to do with the question of the categorical properties of the system. To say that a system is “a process” without defining its constitutive categorical properties is to say nothing because a sheer “process” is a context-less declaration, which is an indication of nothing.

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11 In this way, what are higher or lower levels, is define by the differences in the functional importance of various operations of a given system. That a car has wheels is generally more important than whether it has automatic gears.

12 A system without any value-differentiation would not be a system, where any sustainability problem could be identified or defined.

Society has an objective side, as well as a normative side. The same is true for sustainability. This means that no complete description of sustainability can avoid to take the community’s own value-system into account – a value-system, which in the final analysis is cultural. Yet, at the same time sustainability is more than an act of “social construction,” it is bound to a framework of objective necessity. In this way, the criteria of a sustainable system are on the one hand system-survival and on the other hand defined by the system’s own cultural values. Both elements are important for the analysis of sustainability. A concept of sustainability defined solely as system-survival would be a blind mechanism without any direction. A concept of sustainability defined solely by a system’s normative values would be the concept of direction without necessity. In this way, sustainability is more than just survival, yet, at the same time, it is also more than a normative wish list. The first (necessity) defines society’s realm of possibilities, the latter (the norms) defines its realm of activities.

In this discussion, I would like to highlight the concept of societal sustainability. The concept should be clearly separate from that of economical sustainability. Hence, we will separate between economical sustainability and societal sustainability, which are two interrelated, yet, analytically distinct concepts.

By economical sustainability, we shall define a social system’s capacity, through the arrangement of its industrial structure, to secure a developmentally sound equilibrium within the standards of production and exchange defining the order of the economic system.

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14 By the objective side of sustainability, we will think (as a minimum condition) of those structures and activities of societies that is absolute necessary from the point of the system’s survival. It is “objective” because there is no way to dispense from the performance of those activities. (A society cannot decide to stop “feeding” its population). The normative imperative is different; it refers to historical or “voluntary” conventions, which are not “necessary” in the sense they are not a universal property of system survival. (For the Amis, the special culture would not be sustainable if people began to drive cars yet the avoidance of car driving is obviously not a general condition for system-survival).

15 One of the markers which establish the difference between economic sustainability and societal sustainability is that economical sustainability does not have to fulfill all aspects of the human need-structure in order to fulfill its function, it only need to provide an “income”. In contrast, societal sustainability must, in principle, fulfill all essential functions of a community in order to redeem its quest for sustainability.

16 Naturally, the economic aspect is a part of the “social sphere” by matter of definition. Still, the economy is generally viewed as a comparatively autonomous subsystem (within the general analysis of the social system) and within the capacity of its relative autonomy; it makes sense to regard it as an “independent” variable for analytical purposes. In many analyses within the international debate, sustainability are argued exclusively along economical lines and in these cases it is important to be able to compare the issue of economic sustainability with that of the societal, since sustainability of these two instances are not (necessarily) synchronized. This debate is particularly important because there often exist an inclination in the life of communities to “accept” pattern of economical development, which are highly problematic in regard to issues of long-term societal sustainability.
By *societal sustainability*, we shall define a social system’s capacity, through the mechanisms of its institutional structures to be able to reproduce the system’s basic features (cultural, social, demographic etc. etc.) in ways, which are optimal for the system’s self-regulation and for the enhancement of its societal capacities.

By stressing the concept *societal*, I am highlighting the fact that the question of sustainability of a given community is not settled by economic issues alone but goes to the core of the functional integration of its social institutions. In the same way, we stress that sustainability is more than a quest for sovereignty and goes beyond those operations, which become an object of the political system.\(^\text{17}\) Also by the term *societal*, we imply that the strength of a community is more than its capability to respond to stimuli from its environment but that it is embodied in its capacity to build-up deep-seated institutional structures around its cultural and cognitive orbit. Within the idea of “sustainability” lies the implication that a society must be able to maintain itself in its essential parts, so that the question of sustainability never can escape the question of “the system” in the meaning of the community as a whole. By stressing societal sustainability, we point to the integral dimension of the social system’s general activities. In this way, when we are discussing the issue of societal development, we imply a concept of a *societal community*,\(^\text{18}\) by which we indicate the core center of the elements of a society. The question of the integration of society is from an ontological point of view a persistent “problem” because there is no simple relation, by empirical linking, between the personalities of social actors and social systems.

Hence, by the concept *societal*, we are highlighting the idea that a community is a total facilitator of human life. So that the concept of community implies a place, where human life in principle can be satisfied in all its essential aspects. Consequently, for a society to become sustainable, it cannot just fulfill some isolated fragments of human life; it must be build around a structure, which sustain the whole human situation in its essential attributes. In this way, the issue of sustainability must be a mirror of the logic of society itself.

\(^{17}\) As Easton has maintained, the political system is a highly selective mechanism, which doesn't address, let alone obtain, all the basic processes occurring in the deep structure of society. David Easton, *A Systems Analysis of Political Life*. New York: John Wiley, 1965.

\(^{18}\) By the societal community, we will imply that subsystem of society, where the values and norms of society are integrated in a common institutional structure that serves as the main source of obligations and orientation for the members of society. From an institutional point of view, the societal community is that core structure of society, where all the basic pattern of social orientation originates and returns. In this way, the societal community is that place, where all political and economic institutions of society originate. In this way, all the values, norms and institutions that characterized the economy and the industrial sphere must be regarded as specialized modifications of a foundational structure of institutions belonging to the societal community's arsenal of social forms.
Naturally, sustainability is a concept of *self-regulation*. A society with no inherent power to regulate itself would hardly deserve the title “sustainable.” Hence, within the concept of sustainability lies the idea of a system that is capable of self-regulation. Self-regulation assumes self-control, which is ultimately attained when a society becomes a causality of itself. The original idea of *autarchy* embodies this imperative in its fullest sense, yet, in an open system, self-regulation can only mean that a system attains the most favorable position within an “external” equilibrium of many social systems. This does not negate the quest for autarchy but it removes its quest for a realistic accomplishment from the “outer” sphere of system-operation to the “inner” sphere. However, the capacity of self-regulation or “self-organization”\(^{19}\) is not a capacity, which is equally distributed among societies or a “force”, which exists as an automatic treasure in society. On the contrary, it is a result of its cultural history and therefore a capacity, which strengths are correlated with the “choice” of historical path. There does not exist any automatic “bullet-proofed” realization of a society’s potentiality for sustainability; that is, sustainability is the resultant of a long historical accumulation involving the factor of institutional learning. This is not quite the same as saying that there doesn’t exist any automatic stabilizing processes in favor of sustainability within the social system, however, these processes can only reach a high level of functional efficiency if they have past through a long journey of historical refinement. Indeed, if there weren’t any automatic stabilizing processes in favor of sustainability inherent in society, then society’s survival in history would be more miraculous than a miracle.

However, sustainability establishes a stronger claim than self-regulation. In the core of the concept, we find a reflection of the concept of *self-preservation*. In this way, the quest for sustainability emerges as a search for an operational understanding of the essential conditions for society’s self-preservation. In the modern discussion of sustainability, where the factor of innovation is strongly highlighted, the idea of self-preservation is often discussed as a self-fuelling and *self-fertilizing* process, which is reflected in Luhmann’s talk of “autopoiesis.”\(^{20}\) The question of self-preservation is complicated by the factor of development, not primarily because of the problems of system-adaptation but because of the need to understand the logic by which system-identity is revealed as an inner configuration of structural development.

Generally, development is a characteristic feature of society’s mode of operation. Development raises important question about the “object” of sustainability, in the sense that the system of society is not an empirical fixation of itself but an actualization in time. In other words, a society’s guest for sustainability is not

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only measured by what it is but by the potentiality, it contains. Development, we shall define, as the process by which a system actualizes the “program” of its structural potentials by a progression of its institutional capacities. We use the concept “program” here in the way by which Ernst Mayr speaks about it in his discussion of “teleonomy.”\textsuperscript{21} The idea of a “program” has also some isomorphic similarities with Nelson and Winter’s discussion of “routines”\textsuperscript{22} although by “program”, we imply a higher level of systemic control than that of organizational routines. Experience tells us that societies, which do not develop, will eventually move down the status-hierarchy of global societies and will eventually become marginalized and controlled by others until the point, where it has no scope of maneuvering. At least from the question of system-survival, the factor of development is an active component of sustainability analysis. Thus, if a system shall reproduce a pattern of purposive duration over time, it must be able to embody in its inherent institutional design a receptive capacity for the next level in the evolutionary differentiaational order.

Development, however, has two dimensions, an “outer” and an “inner.” The former deals with the system-environment interaction of society and the latter deals with society’s interaction vis-a-vis the structure of its own value-system. In the first, it is bound by the necessity to situate itself within the matrix of resource allocation that is given by the international division of labor. In the latter it is bound to that “inner calling”, which is embodied in its cultural codes. The Greeks spoke generally about the latter as man’s “natural impulse” toward moral perfection. Indeed, history confirms that man has a “natural impulse” to perfect various institutions, products and technologies. “Natural impulse”, however, is like a seed, which becomes “real” only under certain conditions and the main tool of these conditions are the institutions of society and their code of societal differentiation. A society can only embark on a sustainable development if it is able to satisfy both the “outer” and “inner” dimensions of its own system. In this sense, all societies are approaching a kind of double societal journey in evolutionary space. This journey takes form of navigation between the rocks of an outer and inner necessity. In this regard, Hegel has claimed that external forces are a “secondary necessity” and that the real necessity is embodied in culture.\textsuperscript{23}

Successful levels of sustainability are strongly correlated with the community’s capacity of creating an “organic community” through self-regulative processes. Yet, the notion of an organic community is by no means an inevitable condition since, the general globalization process is challenging this assumption.


every day. When we observe the processes of our modern civilization, we find trends toward a fragmentation of social life. Fragmentation reveals itself as a stepwise relativization of the bondage of “solidarity” in social life, so things occur within an atmosphere of disembeddedness and where boundaries between empirical systems become blurred. In the worse case, the fragmentations of social life might weaken the sources of social capital in a given community. Particularly, fragmentation might undermine the historically genuine nature of a community’s demographic base and seriously weaken the historical depth of culturally codified knowledge.

The fragmentation of modern life is no accident, it is the implication that societies are open systems, which both import and export various resources and which are driven by an imperative in the industrial process, which rewards an increased mobility of the factors of production. One source of fragmentation is the fact that modern social systems increasingly are interpenetrated with each other; this creates a diffusion of the axes of solidarity, which makes it more difficult for each system to accumulate the necessary critical mass of societal commitments. The facilitation of this mechanism is also embodied in the ideals of the Western world, which highlight the individual achievement and, hence, create a general structure of institutionalized individualism as the main ethos of society. As a concept, “institutionalized individualism” signifies how the principle of the freedom of the individual person through various historical mechanisms has become a central axes for modern institutional life, not only by political and moral rights but also by the individualized of occupational role-pattern. The build-in pluralism of institutionalized individualism might negate Aquinas famous dictum that “in nature, government is always by one,” unless of course institutionalized individualism is the one. Generally, the emergence of institutionalized individualism as a major societal “paradigm,” must be considered as an institutional precondition of the high mobility of the factors of production, which are so characteristic for the developmental impulse of modernity. This increase of factor mobility is fuelled by the actualization of “human capital” and institutional individualism is both the expression and the condition for this process. As a consequence of institutional individualism, factors of production become increasingly dispersed, which not only result in a Hayekian disperse of knowledge but also in the factors of power, authority and influence, while

24 Measured by its original base of cultural solidarity.
25 By “institutional individualism”, we will define the inherent tendency in modern society to produce role-patterns that follow an institutional differentiation of social functions and which embody this process within the agency of individuals as the prime operative act. It is “institutional” because the tendency toward “individualization” is supported by the internal logic of the differentiation process of modern institutions; that is, society itself promotes the role-pattern of “individuality”.
organizational structures become increasingly horizontal\textsuperscript{27}, flexible\textsuperscript{28} and less transparent.\textsuperscript{29} Indeed, Luhmann has gone so far as to claim that there is no real “center” or “prince” in the world-system any more.\textsuperscript{30} Although, institutional individualism is a “natural” product of the force of societal differentiation, it is also an institution with an ambivalent relation to sustainability. Yet, it would be misleading if one got compelled with the idea that institutional individualism was some kind of “antithesis” to sustainability. This is by no means the case. Sustainable development in a modern growth-oriented society will have a strong tendency to promote an increasingly embedded structure of institutional individualism since it is an evolutionary “strategy” very favorable for the problems of social differentiation. Frank Knight once said: “the familiar saying from Aristotle, that “man is a social animal,” is both true and misleading.”\textsuperscript{31} The matrix of institutionalized individualism is imbued with this ambivalence, which reflects the “ontological openness” between personalities and social systems. For this reason, institutional individualism stand in a strained relationship with sustainability since a sustainable development must safeguard a minimum condition of social coherence, which naturally confronts the process of “individualization” and the imperative toward “innovation” embodied in the social process of institutional individualism.

Therefore, the quest of “sustainability”, in particularly in regard to the local level, stands in an ambivalent position to the enhancement of social mobility and the relativization of social space inherent in the nature of modern society. This strain inherent in this process is speeded up by the new economy in ways that challenge the integration of society. Fragmentation appears as the cost-side of enhancing the overall “effectiveness” of the global world-system as a unit. It is the life-worlds of the world that pay the price by being faced with a tendency toward a destabilization of the social embeddedness of their demographic base. Ultimately, the destruction of the demographic base will eventually destroy the cognitive-cultural knowledge bases of that system, at least in the sense of an active lifeworld.

In this way, a challenge to sustainability lies implicit in the forces of social development. Globalization imply that self-sufficient types of local autonomy might become difficult to maintain, since the involvement of local communities in an increased number of regional, national and global levels has an impact of the boundaries-maintenance regulations of the system. This development also increases certain options of the local community but only if the dissolving forces are not too strong. A sustainable society must naturally be able to constrain the fragmentary forces within acceptable boundaries. These boundaries involve issues of social capital, cultural coherence and other factors of the societal community. The idea that social systems can be endlessly flexible is an abortive notion; a totally open system is a dead system. Yet, in a modern complex society, the manifestations of system boundary regulation are not linear and simple. The question of “fragmentation” depends highly on the object and level of analysis. What is fragmentary (and a potential source of disintegration) from one point of view is a source of dynamic and growth from another. Therefore, the assessment of the “balance-sheet” of the sustainability within the whirlpool of modern development is by no means a simple exercise.

By highlighting the concept of societal sustainability, we clearly indicate that the long-term self-regulation of a society couldn’t be adequately analyzed from the question of the economy alone. It is imperative to highlight that a successful societal development is the foundation for any long-term success in the economic realm. One sign of the significance of this lies in the fact that externalities and transaction costs loom large in any economic system. Another sign can be found in the issue of “bounded rationality.” The economy does not institutionalize its own prerequisites. And by the same token, the economy is not the prime source of innovation since if was so, the economy would produce innovation as a cow produces milk, that is, by the very fact of its existence, which certainly is not the case. When Metcalfe suggests that the true strength of the market lies in its innovation promoting aspects, then the emphasis lies on “promoting” and not “constituting”. Only a sustainable societal development will establish these deep-structured patterns of value-orientations that provide the foundation of a community. Most of all, societal sustainability implies an “inner systemic process” which are not significant in the idea of “economics.” Generally, economics is an outer systemic process, that is, it is primarily a mechanism operating between the system and its environment. The economy does not provide the foundation of society but exists as a specialized activity, which are societal capacities for utilitarian purposes. The economy depends, therefore, on those societal capacities, which is the outcome of the societal community as a system.

Consequently, the economy cannot build a future, which is not already embodied in its seeds in the societal community, so that the “miracles of the economy” always start with the secret advances of the societal community. Indeed, we might also say that a “miracle of the economy” which is not grounded in an adequate development of societal institutions will not remain a miracle for long. Some of the modern oil-states are a living testimony to this fact. Generally, we will say that the “societal” is the prime facilitator of sustainability, so that economical sustainability has no meaning if the capacity for societal sustainability fails.

As development proceeds, society will eventually disturb its own equilibrium in order to progress. Accordingly, the conflict between “new” and “old,” is more than simple “situational” occurrences; it lies so to speak “inherent” in the developmental process and is in a sense the system’s dialogue with itself. To some extent the economy functions as a “wall-breaker” in society’s quest for development, therefore from this point of view, some of the processes that challenge the balance and self-control of the societal community are not a threat to its long-term sustainability but rather an actualization of its developmental potentials. The problem from a theoretical point of view is to understand which part of the “disturbances” is system-affirmative and which is not.

Modern global development is characterized by a tremendous expansion in the level of complexity and the speed in which the matrix of production can appear on higher and higher differentiated levels of reality. Within this process lies a conflict, which goes to the core of the issue of sustainability. The main “problem” is that the social coherence of a community, in the classical sense of the term, is only possible when a social system is culturally grounded in a specific, historical location. A local community cannot be sustained if it becomes the object of an endless flexible distribution of the entities of its social structure. In this way, the cultural uniqueness of historical embeddedness stands in contrast to the civilization quest for an “endless” flexible distribution of the factors of production. Likewise, the key institutions of social life stand in contrast to the endless quest for “social reconstruction”, which lies implicit in technological-

33 If one looks carefully one will find that beneficial industrial development and the settling down of international cooperation only happen where “the seeds are ready”. For example, it is probably unlikely that Nokia would have taken the decision of placing some of its cable manufacturing in Oulu, or that Oulu would have expanded into a high-tech region, if the city had not become a university town or if the university had not specialized in a technical direction and build a strong competence in electronics or if the university had not succeed in employing brilliant professors in the field or if a lot of other prerequisites for specialized competencies, had not been in place.


economical activities. The concept of sustainability is caught in this dilemma. Schumpeter called this process for “creative destruction.” Yet, the question is creative for whom?

The tendency of the new economy

One of the difficulties in analyzing the full implications of the fate of sustainability in the knowledge based economy lies in the fact that “the new economy” has only emerged in its initial stages. Therefore, it is difficult to say whether its current manifestations are temporary features or whether it represents a general outline. Imagine someone, who was supposed to grasp the full implications of the first industrial revolution by the early signs available around 1750. In some sense, we stand in the same situation, where it is easy to become compelled by initial phenomena, while failing to grasp the significance of the overall process.

Any new industrial revolution will tend to create a major gap between new structures and old structures in the beginning of the process. We are therefore in these years experiencing various gaps and fractures, which are natural for an initial process. One example of this is the notion of “a digital divide,” which reflects the fact that various parts of the world stand in radical different positions of readiness to embark on the new process. In the case of regional development within the western world, we will suspect that various gaps only will “materialize” in comparatively moderate form, although the current development in some part of Scandinavia certainly indicates that also more drastic changes of the regional balance is possible. Yet, even a “moderate” developmental gap can still manifest substantial differences in the division between “traditional” and “new” areas.

One compelling question regarding the balance between center and periphery is whether the new information and communication technology will change the division of labor between these two poles, so that the periphery will get a better chance to compete on an equal level. A part of this answer comes down to the meaning of proximity and local space for the organizational mechanisms of production systems. The issue at stake is that few vital business interactions can be conducted in an effective and creative manner without the human touch. Studies of the dynamics of clusters show that proximity is a factor of greatest importance. Therefore personal interaction on a particular geographical space does matter in business life and therefore there are limits to how much vital functions can be satisfactory performed by outsourcing and long-distance communication. In this way, globalization process has by no means eliminated the significance of the proximity of space. Therefore, there is little reason to believe that the main structure of occupational roles, which has become a semi-monopoly of the cities, just will diffuse to the periphery as a simple factor of time.
Sustainability and regional dynamics: The Danish case

In the following section, we will use the Danish case in order to describe some of the mechanisms that characterize the transformation from a “traditional” industrial structure to one of a knowledge based society in order to through light on its consequences for regional development.

Denmark has been one of the countries in the world, where regional integration has been most successful. Not only is the difference in income distribution between the riches regions and the poorest regions very narrow by international standards but also the gap has stepwise become narrower since 1970. Yet, during the 1990s, when the new economy reached a certain “take off” point in Denmark, this pattern of convergence has approached a rocky road. Most of all, the change in the industrial mode in Denmark has resulted in the shift in the balance of the regional forces. During the 1970s and 1980s, the province – by which I mean the regions outside the two main cities of Copenhagen and Aarhus – did very well. These regions of the country, which in the old times were characterized by rural life, had in later years become strongly industrialized – and, indeed, more marked by manufactory industry than the main cities themselves. In the 1980s, these regions of Denmark – with the center in the Western part of Jutland – became the growth-centers of economic development. This industry was organized around a structure of comparatively small firms populated by handcraft-oriented actors, specializing in modes of production characterized by comparatively low technology or medium level technology. The main axis of specialization was food processing, textiles, furniture, construction and (comparatively) low-tech electronic machines. In the central part of Jutland, it was particularly low-tech textile and furniture factories, which dominated the scene.

Since this type of production was comparatively labour-intensive, routine-based and low in knowledge input, those regions that organized it were (by Danish standards) weak and underdeveloped in their educational structure, especially, when measured by a classical academic education. In particular, the highest echelon of academic education would be lacking. Likewise, this industrial setting was weak in the numbers of scientific research workers and scholars as a ratio of the population. Also, the major universities and higher learning institutions were, generally, situated outside these areas, so that there was no strong impetus for a tradition of interaction between business and higher research institutions. Yet, since this “traditional” industrial system for a while was highly successful, its comparatively low technological structure and a weak educational matrix went on unchallenged. The mode of production did not require a higher educational set-up, so lack of higher education was not a problem. Consequently, the young bright people who were seeking an education would leave the areas in order to study and not return, since there would be few or no jobs in the areas.
that would suit their qualifications or their new professional interests. In this way, the system was perfectly suited to its own values and it received little impetus to change its own educational structure and its general technological level.

However, the emergence of the new economy, with its demand for knowledge-based industries, is drastically changing the rules of the game. The splendid low-tech production machine, which the non-metropolitan areas of Denmark had invented, has begun to show sign of stress and relative decline. Increasingly countries in East Europe and Asia are outstripping many Danish factories on the price-side, in particular, within the textile and furniture branches but also within other kinds of manufacturing industries. At the same time, the industries of the new economy appeared in strong concentration within the urbane centers, especially, in the Capital region, where the major educational and scientific infrastructure was situated and where a service industry of specialized professional knowledge long have been present. Since such an environment did not exist outside the big metropolitan centers, it was quite natural for the institutions of the new economy to emerge within a social setting, where the conditions were optimal. It is therefore no miracle that the new economy is “targeting” the main metropolitan centers.36

In the wake of the new development, the equilibrium of the regional forces in Denmark has shifted to the large metropolitan areas. At the current point, the growth centers of the new economy lies primarily in Copenhagen and Aarhus and, indeed, the real driving force is very much Copenhagen, which is characterized by very strong clusters of IT, the chemical industry and the quickly expanding biotech- and medical industry. It is also the place where 54 per cent of the student mass and the majority of scientific researchers are situated. In this new process, it becomes clear that the low level of educational structure, which in former years mirrored the industrial needs in the non-metropolitan areas, has turned into a major disadvannce. For this reason, in later years, the former boom-areas have stagnated and have been unable to match the growth rate of the metropolitan cities. As a consequence, we have begun to experience a small, yet, signi-

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36 It is important to notice that we are emphasizing the existing of vital structures, which are using the cities as a “channel”. Yet, this growth pattern is not in any naive sense an attribute of a metropole by definition. Not all cities in the world are prospering and growing in the wake of the new economy. Only cities that embody certain preconditions become growth engines in the new economy. A major precondition is that a successful metropole must have an “adequate” knowledge-based labour market. Yet, obviously, the preconditions are complicated and many. The same is true with universities. Many university regions become vehicles for growth in the new economy but not all university regions prosper. In all these cases, there is a structural point, which we might call the “vital click”, that is, that point where vital processes become the dominant features in a structure. This point is of course of the highest theoretical interest.
significant pattern of emigration from West toward East in Denmark. One can also register a drop in the workforce in many traditional areas.

This development has naturally special implications for rural areas, since these areas are often areas with a high ratio of “traditional” component of the industrial structure. So in rural areas, we will often find the weakest educational base and also a disproportional number of low-tech modes of production. Obviously, the approach of the new economy will naturally hit these areas particularly hard. Not surprisingly, during the 1990s out-immigration has increasingly become a problem for marginalized and socially strained areas of Denmark. This decline has been quite notable in certain regions at the Northwest and Northern part of Jutland, the Lolland-Falster area of Danmark, including the Island of Bornholm. Also, many small Danish Islands have experienced a critic point in their pattern of population decline. Generally, what characterizes such marginalized areas is a thinning out of people in the productive age group.

Indeed, tendency toward population decline, which now hunt many marginalized areas, would undoubtedly had hit all Danish rural districts by a much stronger force if it wasn’t for one important phenomenon – the phenomenon of commuting. When we are studying Danish rural districts in particular those districts within (approximately) 40 minutes drive, we will discover that commuting is an extremely comprehensive phenomena. If we subtract the farmers and other people who lived by the land, within the rural districts close-to-urban areas, we will find that commuting in many cases involve about for 50-60 per cent of the workforce or even more. Most commuters pass the municipality borders and even the provincial borders on their way to work. So there is a sharp division between one’s home base and one’s work. In this way, the fate of one’s home municipality and one’s work municipality become two disjoined issues. As agriculture becomes rationalized and the traditional industries decline, the response in many rural districts has not been to build up a new Industrial structure but rather to solve the problem by utilizing the industrial structure in the nearby urbane environment. So in many Danish rural districts, there will be a decline of traditional industrial structure but not a similar attempt to build up new structure of business at the local level.

The new commuting culture has many implications of which I would like to highlight some of the negative. First, it often undermines attempt to build up a local industrial base. Second, it creates communities, which are empty or half-empty during the day and where many traditional types of small shops and services can not survive, because their customers disappear in the daytime and are shopping at big shopping malls elsewhere on their way home. Third, this pattern of employment links the rural districts very closely to the industrial development of the large cities, so it becomes difficult for communities to embark on a business development more genuinely tailored to the rural districts.
Obviously, the phenomenon of commuting complicates the question about sustainable development, when measured from the local community level. This trend conflicts with our idea that each local community should have its own industry in order to qualify as “sustainable.” Indeed, when we think about sustainability, we certainly imply the idea of a community, which is self-regulating and which embraces the main function of a society. Generally, it must be assumed that the dislocation of key institutions of community life into other geographical territories must have some negative implication on the community’s capacity to build-up vital structures and local solidarity. A community lacking its own industry is more than just a community without an industry, it is also a community, which lacks important channels for the build-up of social capital and which lacks important channels for its institutional learning-processes. In this way, an industry is more than an occupation or a source of income. It is a pillar in the build-up of the community’s knowledge base and an axis to the world.

The new type of commuting-communities creates a completely different agenda and raises many questions about the meaning of sustainability. In the old type of community people were bound by common collective interest in the prosperity of their communities. If business went bad, it was a collective disaster, which involved everybody and by which everybody felt a responsibility. In the modern commuting communities, the context is very different. Eventually, commuting must be seen in a broader light. In one of its aspects, the globalization process opens up the local level and blurs the boundaries between local actors. One interpretive suggestion is that this results in a switch in the gravitation point of social forces from the local to the regional level. This should give credit to those scholars that claim that there has been an increase in the importance of regional systems.37

The question of commuting highlights an old classical question, which always have lied implicit in most discussions about sustainability and that is the question exactly by what prepositional standards the question of sustainability to become relevant? Although for reason of conceptual parsimony, we speak about the sustainability of social systems by a general token, we do not really believe that any possible social system can become “sustainable.” For a social system to become sustainable there need to exist a certain critical mass of capacities, which might have a “scale” dimension but by no means is a matter of a sheer quantitative question. Also the question of commuting is addressing another issue, which is related to the idea that a community normally is seen as an entity that occupy a certain well-defined geographical space or “territory”. So in this way, the question of societal development and the related idea of industrial growth were understood as a pattern of growth, which “physically” was represented by the appearance of “object” or “entities” located within this distinct geographical

territory. Yet, modern development – of which commuting is just a symptom – seems to indicate that this idea of sustainable growth no longer is unchallenged. At least, there seems to exist the possibility of an increased *disjunction* between the development of the *social* community of a “rural district” and the *economical* development of the rural district itself. Hence, the people working in the rural district could come from communities far away (or be owned by people with interest far away) while the people living in that rural district could be working in the cities and regions far away. So, in this case what exactly do we mean when we speak about a sustainable societal development of the rural district?

**Cognitive capital as a cybernetic code to the international market**

One of the main factors in the new economy is the increased focus on knowledge as the main factor for enterprises and regions to get a competitive edge. The general preconditions for this are the institutional build-up of an endogenous knowledge base and its general capacity for learning. Generally, however, a regional industry never utilizes all the cognitive resources embedded in the region’s cultural heritage. Therefore, the key to a successful, sustainable development will be found in the region’s capacity to activate its own historical knowledge base through innovative build-up. Successful economic development will depend on the regions’ general capacity to “release” the power of its historical institutions. Consequently, the institutional build-up of a region is not only a question of building something “new”; it is to an important degree a question of utilizing the tradition already in place. In this regard, it is important not to misunderstand the use of the term “traditional industries” as it has been applied here. At least one must avoid the notion that tradition just is another noun for the concept of “obsoleteness.” In this way, one should separate quite clearly between “tradition” as a general category, and “traditionalism” as a special attribute of its meaning.

As a categorical gestalt, a cultural tradition contains both the foundation for development and a capacity to prohibit such a development. Both possibilities are inherent in the “logic” of cultural systems. Yet, generally, innovative behavior does not happen because a community neglects its tradition but rather because it shows the capacity to utilize it.

It is said that we have approached a knowledge society. This is an assessment with many implications. Michael Porter has spoken about the critical role of intellectual capital in the strategic development of international business. The extreme complexity of the modern world has multiplied the meaning of Driesch’s

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38 In the current development in many rural districts, real industry will fade away and the districts will turn into long-distance suburbs.

assessment: “There is no willing without knowing.” Generally, the leading regions in the world will be those who are highest in control of the factor of knowledge and its creation. 40 Increasingly, the battle of market shares will come down to the criterion that he who controls the knowledge structure of the information flow of the market will eventually control the market. In management scholar Stephen Kobrin’s assessment, the process of globalization is driven not by foreign trade and investment but by increasing technological scale and information flows. 41 We will notice in this regard that the fastest growing sectors are those sectors, which are highly knowledge based or high in information processing and data-mining. The real winners are those companies and those regions, which not only can establish information-control capacities but also are able to establish a long-term developmental path, where future advances already, are “programmed” in the community’s knowledge base. Increasingly the real “capital” in the economy is not money but cybernetic control of cognitive capital 42 as it is invested in actors and technological products. As Schoenberger and Brodnig have highlighted: “The valuations and financing prowess of high-tech companies such as Cisco or AOL are primarily based on future revenue potentials embedded in their intellectual property.” 43 It is by no means accidental that the issue of intellectual property has become one of the main international policy issues. 44 Naturally, a knowledge base should not be passive but active, that is, it should appear in the form of innovation. As Jeffrey Sachs has emphasized: “Global competition is being won only by those who can produce innovation.” 45 Yet, innovation is in most cases, the result of cultural traditions moving slowly along a long historical path. Its accomplishments are not “innocent” but the gift of tradition.

Also, a community’s idiosyncratically organized knowledge base (and its corresponding structure of cognitive capital) is in the final analysis, its ultimate

42 Cognitive capital is a community’s accumulated stock of cognition, which represents the empirical structure of the cognitive order. Cognitive capital is from one point of view “the knowledge infrastructure” of the collective mind of a community, and, hence, cognitive capital represents the accumulated collective capacity “to learn,” when this capacity is organized in a historical system. Cognitive capital is not knowledge; it is structuralized “rules” and pathways of learning.
44 It has been estimated that American companies alone lost $ 9 billion in trade revenues because of copyright piracy.
competitive advances – because it is the only real asset, which core-structure cannot be copied and replicated by anyone else. Its knowledge base is too complex and too “unintelligible” to be imitated. Its intelligence is beyond comprehension since it works through the agents’ cultural codification, where it appears as tacit and intuitive understanding. Not only can we with Hayek say that “we can profit from knowledge that we do not possess” but also it is true that we can profit from knowledge that we didn’t quite know that we had. It is also in this connection, we shall understand Oakeshott’s use of the term “practical knowledge”, by which he attempts to conceptualize types of exclusive, culturally codified type of knowledge engrained in the specific lifeworld. Of which a crucial part of “the known” is embodied in actual practical pattern of acting, where the knowledge-operation is (intellectually) beyond the conscious level of the actor, yet, still something they “know-how-to-do.”

Indeed, the faster knowledge is absorbed in the modern world, the greater will the control of knowledge depend on the basic sources of knowledge production and the core of this production is endogenous, “practical” knowledge.

In this way, the market-logic will tend to be controlled by various technological paradigms that again is controlled by those cultures which are able to enhanced the deepest structural levels of societal differentiation within the context of learning-responsive symbolic pattern. In the production of knowledge, we should place great attention to the effects of symbolic power as a vehicle for culture-bearing milieux. Knowledge is a cultural artifact and, hence, it is a cognitive-designative codification of symbols. Generally, innovative cognition will occur, when certain symbolically connected objects, significant for the cognitive process become the foci of a learning act. A highly innovative system can be defined as one where there is an adequate “stimulus-situation” in the symbolic communication between the cultural tradition and the cognitive system. For example, the significance of Weber’s analysis of the protestant ethics was to point to a particular “stimulus-situation” that could explain the differentiation pattern observed in the productivity of various cultural mode of organization. What is needed to understand innovation; is a meta-theory about how social energy is symbolically distributed within development systems of adaptive cognitive self-stabilization. Each level of developmental complexity must correspond to a new equilibrium of cognitive self-stabilization, which must correspond to a shift in designative code of societal symbolization. Innovative behavior must be correlated with the symbolic metabolism of culturally designative code-shifts. For example, if Athens would have had the same symbolic metabolism of Sparta, it is unlikely that the cognitive innovation of classical philosophy (in the post-Pythagorian form) ever would have materialized in history. Yet, without the ancient revolutions of Parmenides and Pythagoras, the

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new equilibrium of cognitive self-stabilization (featured in the Socrates-Plato-Aristotle equation) would not have accumulated the necessary designate power of cognitive symbolization to materialize. Therefore, when we ask why certain nation-states, regions, industrial districts or enterprises are more “innovative” than other, we should look for the way by which various processes of cognition (and technological paradigms) are structured as connected objects within path-dependent systems of symbolic expressivism and symbolic constitutionalism. For example, social capital (as a marker of “social energy”) is more than the build up of civil institutions; it is a “response” to differentiation in the signal-value in the homeostasis of symbolic gestalts. As Fukuyama has attempted to show various cultural gestalts reveal different levels of competitive success.47

The criteria for a successful, sustainable community will be one who has built-up a particular sensitive cognitive base within its institutional tradition that is able to react “intelligently” on each state of the world market’s industrial development.48 Such a cognitive base is reflected in a community’s educational system but involves naturally all the complexity of the community’s combined socialization processes. Industrial excellence is therefore something that is built up through a long internal process before it appears as a specific “operational institution” or through an act of “innovation.” Most of all, it is path-dependent, that is, it cannot jump over its own history.

The future of the regional actors will depend on their capacity to detect, analyze and act upon their own unique knowledge base. Their capacity to reflect on one’s own knowledge is conditioned by their cognitive code, which is a concept expressing the general set of intellectual prerequisites by which a community is endowed with a capacity to learn.49 As the consequence of the new learning economy,50 regions must become “learning regions”.

Sustainable societal development in rural districts

Rural regions are faced with a troublesome period in the new economy, because they are least prepared to meet the new challenge and since it is the “traditional”

48 Of course, no community can literary “build up” such a capacity in some kind of direct rational sense. On the contrary, such a capacity is rather a cultural pattern, which is the heritage of a community and which they can modify and “direct” to some extent. Naturally, the cultural system as a historical entity is the outcome of interaction, yet, since a cultural tradition often contains thousands of years of accumulated interaction, the impact of the present days interaction within its limited time sequence can only add so much.
49 The cognitive code is not in and by itself any knowledge but “deep structures” in Chomsky’s sense, which function as the historical rules for cognitive learning.
industry in the rural regions, which to a large degree will become the main “casualties” in the new development. Indeed, in many districts in the periphery, the numbers of jobs in the classical occupations (agriculture, fishery and low-tech types of manufactory industries) have been steadily declining. The result is the opening of a gulf between the declining “traditional” industry in the periphery and the growth oriented new economy in the urbane centers.\footnote{Agriculture, in Denmark, we might remark is doing quite well, it is the other industries in the rural districts, which are in an increasing situation of strain. However, the other industry is today the main industry in almost all rural districts.}

In the old days, rural and marginalized regions were participators in a well-defined division of labor. As a main rule, they supplied various forms of natural products or had with various exceptions specialized in comparatively labor-intensive and low R&D mode of productions. In the case of Denmark, these industries were generally so successful, so they extended beyond the national market and were based on export to a large extent. For a while the comparative insufficiencies of the global market and the lack of real East-European competition in the era of the cold war, provided these actors with a favorable environment, where foreign competition could be kept at bay. However, the stepwise liberation of the international market and the inclusion of East Europe as a real player in market behavior changed the international market situation drastically for natural resource products and low-technological products. During the 1990s competition increased, while at the same time the ICT revolution broke through the industrial matrix for full power. All this undermined the established mode of production of the periphery regions in Northern Europe and placed these regions in an increasingly problematic position.

The structural vulnerability of the periphery in the current transformation process is based on the classical indicators of weakness. The most crucial lack is sufficient resources of qualified labor at the highest level of education. In Denmark, the newspapers have begun to address the issue of the educational divide between the main cities and the province, through headings such as “the brain lies in the city.”\footnote{Weekendavisen, 9-15 August 2002, p. 3.} At least, within the highest echelon of academic education, one can find a significant regional imbalance. The ICT consultant sector is an indicator of these forces, since the ICT consultant sector tends to cluster around available pool of highly educated and qualified labour. In Denmark, we will find that 66 per cent of the ICT consultant industry was located in the Greater Copenhagen area.\footnote{Lars Winther, The Spatial Structure of the New Economy in the Nordic Countries. Nordregio 2001.} If we take Copenhagen and Aarhus together, we reach 80 per cent of the sector.

Although one can find some hopeful strategic answers to those regional areas in the periphery, which contain major city components, it is much more difficult
to find some optimistic answers to the future development of the classical rural areas on the local level. In the current juncture of the process, it is very difficult to find any “magic” answer to the industrial future of the rural areas. In later years, industrial clusters have been seen as an important tool in the promotion of dynamic development. However, industrial clusters as a strategic might be an answer for some regional areas but are for obvious reasons not a general answer to rural areas on the local level. If a rural area becomes the host of an industrial cluster, it will be the exception and not the rule. Some rural districts find a solution in commuting but commuting cannot become a realistic option for many rural districts and commuting can be seen as a way of circumscribing the question of local industrial development, rather than to find a way to solve the problem.

One joker in this equation is the long-term consequences of the ICT revolution as a gigantic reorganizer of industrial structure and the meaning of social space. Indeed, the exact way in which many rural regions will link up with the ICT revolution will become very decisive for their future path. Originally in the IT revolution lay the implicit “promise” that communities, companies and individuals at the geographical periphery no longer would be relegated to the sidelines. However, the degree in which IT will change “the parameters of distance” and bring rural communities closer to the center of event is surrounded with high uncertainty. Another uncertain factor is the long-term implications of the biotechnological revolution on the industrial framework of traditional agriculture. It is clear that some kind of marriage between biotechnology and agriculture lies in the cards but the exact meaning for future modes of production are speculative at best. In this way, there lies many captivating options for rural districts in the future but very little on which one can place a hardcore objective prognosis.

Clearly, it appears very unlikely that the rural districts in their future development will overcome the center-periphery divide and reached a state, where it will be able to compete with the urbane centers on equal terms (within those standards characterizing the centers). At least, we will expect a major proportion of the future industry in the rural areas will consist of secondarily functional tasks delegated from the centers. As an alternative, one often mentions that rural districts should embark on their own different road, which indeed might seem both necessary and plausible. Yet, how large is the scope of different, non-mainstream pathways left open by the logic of the new economy? From a realistic point of view there will be strong limits to how far the rural districts can deviate from the main forces of industrial development without suffering economic disadvantages.

Whatever the future will bring, the most important path for rural districts must begin around its own distinct, “idiosyncratic” knowledge base. Certainly, for a region to just repeat what everyone else has done is not the prescript for compe-
titive advantages. As Peter Maskell has highlighted: “Little progress would be made in a world of clones." Yet, to institutionalize new patterns of learning around the established knowledge base and to transform them into industrial enterprises is a process that takes time.

One important problem for the future of rural regions is the question of timing. The problem is that the most feasible solutions for rural regions will take a comparatively long time to develop, while the threat of demographic decline and out-immigration is a process with a much shorter time-scenario. In other words, we cannot expect that the demographic balance of rural districts is waiting on the right industrial solution to slowly materialize step by step. Especially, if rural districts shall attract business in tomorrow environment, they need to improve their educational capacities drastically. Yet, if this is a realistic option at all, it is at least an option that takes time. For this reason timing is the real dilemma in the process.

The pattern of out-immigration in Scandinavia countries is today the most visible sign of the problems ahead. Various Scandinavian countries appear to have different political attitudes to the trend toward out-immigration. In Finland, which still has one of the highest ratios of rural areas in Europe, it is almost official policy to accept the strengthening of the urbane center on the cost of the rural area. In Iceland, many decision-makers appear to accept the fact that it is impossible to keep people in the rural areas. In Norway, Sweden and Denmark, the attitude is different. In these three countries, we find an obligation toward a policy that aims at keeping the rural areas populated. Yet, one thing is to have a policy of an equal development of all regions of the nation; another is to carry it out in a way that is meaningful and feasible. To keep the Northern regions of Norway and Sweden populated is quite expensive. Yet, even more troublesome is the fact that it is very difficult in these areas to promote an industrial structure, which is truly sustainable and embedded in an endogenous development. This is, of course, the same problem facing the Danish policy in Greenland, where the whole system is heavily depending on Danish transfer-money and professionals and where the system would collapse if the artificial political instruments were removed. In this way, the question how to keep highly marginalized rural areas alive provides us with a reinforced case of all the dilemmas and problems associated with the quest for a sustainable societal development. With the possible exception of Alaska, it will be difficult and perhaps impossible to find any region in the higher North within the whole globe that is sustainable in a true and fullest


sense. Although one cannot completely exclude the possibility of economic sustainability for some of these communities since these regions contain some of the largest gas and oil resources in the world.\textsuperscript{56} Still the question of societal development in the northern regions is, as a general rule, promoted by political instruments and transfers and such a situation is naturally very far from anything which one ought to call “sustainable.”

One main question involves the criteria of regional developmental policy. In particular, how will the role of government (“the state”) influence the process of rural development? In the last twenty years, there has been an increased understanding of the importance of a genuine endogenous and sustainable development of regional areas. At the same time there has been a shift in the way government conduct regional development policy. According to the new policy, government shall support endogenous development not by massive state-intervention but by indirect means of framework building and “midwife” activities. Yet, the main question how government helps endogenous development without suffocating it in transfers and artificial solutions remains a key issue for continued discussion. Obviously, government will play an important role in regional development, since there are social functions that cannot realistically be sustained by each regional and local level. Yet, exactly by what principle government should interact on the regional and local level remains an extremely complex and open-ended issue, which we cannot attempt to approach in this discussion.

The rural districts are today faced with a fundamental challenge as the forces of the new economy proceed along. It would be nice to give practitioner a simple bouquet of answers of what to do. However, beside certain rules of the thumb there exist no simple strategy, which are equally relevant for all communities within rural districts today. Generally, political actors in rural districts must increasingly think within a regional perspective and hence, pragmatically, become integrated in the urban development within the nearest center. Since, commuting increasingly will link the rural economy to the city, the local decision-maker might as well make a virtue of necessity as least from the point of view of bread-and-butter politics. The visionary local planner, however, will simultaneously try to build up local, embedded industrial capacity in the hope that the future somehow contains some better deals for local sustainable development. In all this, we should not forget that the better aspect regarding gloomy future predictions is that the future always acts in contrast to most predictions.

\textsuperscript{56} Naturally, oil and natural gas are non-renewable resources, so from a very long-term perspective there is nothing really “sustainable” about an economic foundation, which rest on such resources. The question is, however, what time-perspective one applies and in the “real world” of decision-making, the time-perspective for economic solutions is generally limited and within such a limited spectrum of time, the statement is “true”. 

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Processes of change in a rural Swedish community

Yvonne Gunnarsdotter

Introduction

This article has its point of departure in how rural inhabitants reflect and act to maintain a viable local community in times of increasing urbanisation and globalisation. Two kinds of changes are discussed. First the kind of continuous changes, which are part of daily life, and that the inhabitants usually find ways to cope with. Two common trends in this category being that most people leave the village during daytime to earn their living and that the school, shop and other local meeting places are closing down. This complicates the important every-day contact between the inhabitants, and to cope with this many people are engaged in associations where they can act as inhabitants of a local community. Second, we identify four types of more radical changes such as the “increase of market pricing relations”, “mobilisation to save third places”, “changed power relations” and the “decrease in the agricultural sector”. To illustrate these changes four narratives are presented concerning moose hunting, the school, the church and farming. The ways in which we handle change sometimes leads to conflict between people. These conflicts reveal a paradox embedded in the concept of rural development, that change implies strains as well as opportunities for the local community, depending upon the perspective. The aim of the research is to understand how the inhabitants of a rural community reflect and act according to such changes. This knowledge can be used to answer the more action-oriented question of “How could rural policy be formulated to better correspond to the inhabitants conception of a viable local community?” The disciplinary base of this paper is anthropology, with influences from sociology, geography and history.

Outline

In the following pages two concepts are introduced that will carry the thesis, local community/brygd and modernity. Also presented here are the rural

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1 The text is an outline of a forthcoming thesis, written as a monograph. The fieldwork is finished but not the analyses, which means that the theories and empirical findings are not yet integrated. I also miss some important references especially to Swedish researchers in rural studies.
community about which the fieldwork was done, and the Swedish rural context more generally. In the following section the theoretical perspective guiding the research is presented, as is the methodological approach, consisting of fieldwork with interviews and participant observations in a rural Swedish community. This is followed by an attempt to integrate theories relating to the concept of local community/bygd with the actions and reflections that the inhabitants use in the continuous re-creation of the rural community. In this light an attempt is then made to try to integrate theories relating to modernisation with four narratives on change that emerge from the identification of the four processes of change. In the last chapter we use the different processes of change to open up for a discussion on a rural policy that better corresponds with the inhabitant’s conception of a viable local community.

Background

The modernisation process in rural Sweden has been ongoing for about 150 years, with two major trends. The first is that farming has changed from self-sufficiency to producing for market, and the second is that since the demographic turn in the 1930’s more people live in urban areas than in rural areas. As a result, farmers inhabit a sparsely populated countryside only to a small extent. Today’s rural change is manifested in decreasing population, the closure of farms, local mobilisation and restructuring of the service sector, and of peoples’ livelihood and their political organisation. Another fact of prescience here is that the EU puts a lot of money into rural policy. The switch from a society based on agriculture and small-scale industry to a society where services and information dominate the employment of rural people has lead to a separation between residing space and space for working life. The separation is not only spatial with people commuting to nearby towns, but it also concerns the content where residing still includes cultivating land, even if only on a small scale, while working life is generally now separated from the cultivation of land.

Though many rural inhabitants spend most of their days in towns, many of them are strongly engaged in their local community. Out of several social identities (such as nurse, bridge player or mother) the local or place identity often constitutes a substantial part of rural people’s social identity. Of course people also feel rooted in urban areas, but it is more likely in rural areas to find a sense of community connected to a place. It is also more likely that so-called indigenous cultural systems tend to be at the most visible in rural communities (Ray 1999:265). Rather than polarising urban-rural it would perhaps be better to turn our attention towards issues of cultural-territorial identity (ibid: 265). Urbanity is closely associated with modernity, while modernity in some respects is a threat to the feeling of belonging, which is one significant feature of rurality. The thesis
forwarded here investigates how modernity affects rural life, and we will start with two basic assumptions:

- Many people feel related to a place, including its inhabitants and its history. This can be described by the Swedish concept of “bygd”, in English local community.
- The societal change of western societies tends to break up the relations between people, place and history. This can be described by the concept of modernity.

To investigate modern rural life the two phenomena of local community and modernity as well as the relation between them are analysed. This is done by integrating local narratives and social actions with theories of identity, place, time, (high/reflexive and post) modernity, globalisation and development. The two phenomena can be described by different concepts.

To understand what it takes for a place to become a home we utilise the Swedish term “bygd”, a part of the term “landsbygd”, which could be translated as “rural”. Landsbygd literally means the part of the land that is cultivated and settled. “Bygd” in Swedish, “dwelling” in English and “bauen” in German all originate from the Old English and High German word “buan” (Ingold 2000: 185-188). The three concepts have since diverged from the original perspective of “building/ cultivating a world to dwell in”, and we now use separate words for “to build”, “to cultivate” and “to feel at home”. In Swedish the words farmer (bonde), live (bo), cultivate (odla), build (bygga) and local community (bygd) are closely related, which shows that bygd has kept some of the connotations from the original word. Bygd thus makes it easier than any English term to encompass an ontological perspective of the world as something created through interaction between persons and their environment. “Dwelling” is closely related to bygd, but in the text we will use the more common “local community”. In the thesis my own definition of bygd as “a shared conception of interconnectedness between people and a place over time” will be used. This is expressed in dialect, buildings, food, clothes, business, traditions etc. The definition could also apply to local communities in urban areas.

Modernity is a term as frequently used as it is criticised, and it will be discussed further when presenting the four narratives on change. A “first approximation” by the sociologist Anthony Giddens (1990:1) notes that modernity refers to modes of social life or organisation which emerged in Europe from about seventeenth century onwards and which subsequently became more or less worldwide in their influence.

The worldwide influence is expressed by another social theorist, namely, Arjun Appadurai (2000:1) who grew up in Bombay where he “saw and smelled modernity reading Life (…), seeing B-grade films from Hollywood”. Obviously
there are continuities in the history of mankind, with several features that so-called traditional societies have in common with modern societies (often synonymous with Western). But modernity also brought discontinuities like the pace and the scope of change as well as modern institutions (Giddens 1990:6). According to Giddens (ibid:16-17) the dynamics of modernity derive from the separation of time and space, the dis-embedding of social relations and the reflexive ordering of social relations. To distinguish early modernity from today’s mode of life terms such as high or reflexive modernity are used. The term post modernity emphasises a new discontinuity without any grand theories to explain society. Theories of modernity do not belong to post modernity.

Rurality related to modernity is problematic since rural communities are rooted both in time and space. Land, forest and water, and the activities historically derived from them are contexts that give rural areas meaning, which is the driving force behind the local engagement of many inhabitants, even though they are not farmers. But to view modernity only as a threat is not enough to understand rural conditions. Instead of a causal connection there is a paradox embedded in the concept of rural (or local) development: change implies strains as well as opportunities for the local community, depending on one’s perspective. Development that benefits some people can lead to a loss in the qualities that characterise the rural community, such as landscape or social networks. This paradox becomes manifest in interaction between people with different frames of interpretation, which can lead to conflict. For example, attracting tourists to the region is one way of creating jobs and stabilising the level of services in the region, but it also affects the relationships between the residents and their appraisal of their town, their environment, and their notion of “the good life.”

The rural community

To understand the local strategies of coping with the paradox of rural development a case study is done, with participant observations and qualitative interviews. The local community chosen is a parish of 500 inhabitants, in the text referred to simply as G. The parish is situated in the province of Småland, and belongs to the municipality of Vimmerby, which is part of the Leader area “Astrid Lindgrens native place”. In G there are no large Leader projects though. The number of inhabitants has remained constant over the last decades, in spite of the few jobs available locally. Most people commute to nearby small towns. There are about ten farms left of which a few are large enough to support a family. We have chosen to illustrate societal change through four narratives from this local community, all of them typical examples of what happens in many Swedish rural areas.
Narrative | Change
---|---
1) Moose hunting and hunting tourism | Increase of market pricing relations
2) The fight for the school | Mobilisation to save third places
3) The conflict between the priest and the church council | Changed power relations
4) Farmers and the cultivated landscape | Decrease in the agricultural sector

**Rural context**

Though Sweden is a small country the living conditions vary between its different parts. There are urban areas, with almost seven million inhabitants and half of them living in bigger cities. There are rural areas adjacent to urban with almost two million inhabitants – Småland belongs to this category. And finally there are sparsely populated areas with almost 200,000 inhabitants. One general trend being that the smaller towns lose inhabitants while the larger cities continue to grow. Sparsely populated areas, especially in northern Sweden lose inhabitants of all age groups, while rural areas adjacent to urban areas show stronger regional variation. The age group of 50-64 tends to increase there while people between 16-29 tend to move away from these areas. Rural areas close to larger cities attract people more than areas outside smaller towns. There are more men and elderly people in sparsely populated areas, while larger cities show the opposite pattern. In recent years the access to shops and schools has decreased in many rural and sparsely populated areas. When it comes to the labour market it is more common to have a diversified working situation in rural than in urban areas. Though the agricultural sector employs ten percent less people today than it did only ten years ago it is still rather important in many rural areas. Moreover, the building trade and the health and care sector are over represented in rural areas. (Glesbygdsverket 2001).

Rural development in Sweden often refers to two phenomena. The first one is the so-called village action movement consisting of local actors. The second is the policy aiming at improved living conditions for the rural population. Characteristic of Sweden is the existence of continuing close relations between the policy and the popular movement. The village action movement continues the Swedish tradition of popular movements that eventually become supported by the Government and thus more or less institutionalised. Other examples are the environmental and the feminist movements. Behind the contemporary process of rural development we have the great changes that occurred during the 1970’s and the 1980’s. By then a “working community” based on agriculture was gradually being replaced by a “leisure community” based on non-profit-making associations. By the end of the 1970’s the government established the rural delegation...
and thereby changed rural policy from merely supporting enterprises and infrastructure to also supporting local development projects and local action groups (Herlitz 1998). In the 1980’s both the government and the folklore societies wanted to strengthen this trend and in 1987 Sweden joined the rural campaign of the European Council. With political support a local mobilisation process took place often starting as response to a threat against the local school or shop, though over the years concerns inevitably turned more to questions of local democracy and livelihood. Irrespective of their activities the local action groups create and reproduce a place-related communality, and their work can be seen as a way to establish a new idea of what the place is (Berglund 1998:193).

By the end of the 1990’s there were almost 4000 village action groups registered at the Popular Movements Council for Rural Development (Folkrörelserådet Hela Sverige ska leva), which is an organisation for both local groups and national NGOs. The organisation was established in 1989 when the national campaign finished and at the same time as the Rural delegation became the Rural Authority, and later the National Rural Development Agency. Since then, the Popular Movements Council has continued to arrange a rural parliament every second year, and through this function it has acted as a lobby organisation for the government, which gives a strong voice to the village groups.

Theories and methods

A relational perspective

The first assumption, namely, that many people feel related to a place, is formulated from a relational perspective. A characteristic of this perspective is an ambition to bridge the dualism between body and soul, nature and culture as well as between natural- and human sciences, realism and relativism. This is what guides modern ecological anthropology with Tim Ingold (2000) as its most well known international exponent and Alf Hornborg (2001) as its Swedish representative. Ecological anthropology today is however a rather different discipline than the earlier materialistic ecological anthropology, where physical conditions were supposed to determine culture (Crumley (ed) 2001). The relational approach has grown out of several people’s work in different disciplines with important contributions from phenomenological philosophy (Merleau-Ponty 1962, Husserl cited in Abram 1996), ecological psychology (Gibson 1979, Roszak 1992) and developmental systems biology (von Uexküll 1982, Maturana and Varela 1987).

Ontologically a relational perspective presupposes a world that we create by living in it, acting and relating. Every being is living in its own subjective universe (Umwelt according to von Uexküll 1982) where the world is meaningful. This opens up diverse worlds, or diverse perspectives on the world. The
conception of a self-contained individual interpreting the world through sensory impressions is put against a “developing-organism-in-its-environment” (Maturana and Varela 1987).

The environment is “reality constituted in relation to the beings whose environment it is” (Ingold 2000:p168), and should not be confused with “nature” or “real” environment (as opposed to “perceived”), which presuppose an imagined separation between the perceiver and the world. A local community/bygd defined as a shared conception of relations between different components (people, place and time) is an example of an environment for those inhabiting it. Heidegger (1971: 145-161) uses the term “dwelling” to describe how we inhabit the world, perceived as being-in-the-world.

Epistemologically a relational perspective presupposes that knowledge is not something you have but something you create by relating to the world. This relation is often expressed through language (Israel 1992: 83-84). How we understand the environment depends on how we act in it and thus perceive it, writes Ingold, suggesting in essence “we know as we go” (2000: 228). By this statement the dichotomy between perception (a positivistic way of gaining knowledge) and interpretation (a hermeneutic way of gaining knowledge) dissolves, and instead knowledge becomes something contextualised, practical and personal. This appears to stand in contrast to scientific knowledge, but the practice of science is more actively exploring than passively observing, and there cannot be any observation without some kind of engagement. The concept of truth is central in epistemology, and there are at least three different kinds of truths (Alvesson and Sköldberg 1994). Truth in the positivistic tradition is representative and supposed to correspond to reality. Truth in the pragmatic tradition is applicable and supposed to be useful. Truth in hermeneutic tradition is significative and supposed to reveal a hidden meaning. Most theories have a mixture of all three views, differently emphasised in different sciences. In the research carried out here a search for the meaning making of the local inhabitants indicates an emphasis on significant truth. To avoid such a truth becoming personal and thus difficult to communicate to others we are capable of creating inter-subjectivity, when people in the same cultural context agree on what is truth. Besides significant truth the thesis also aims to represent reality from the local actors point of view, as well as being applicable in rural and policy discourses.

Cognitive anthropology differs ontologically from ecological anthropology. Cognitive science places the world out there, ready for us to confront and interpret. But whereas cognitive scientists are concerned with the universals of human cognition, cognitive anthropologist’s account for human perception and action in terms of acquired schemata that differ from one culture to another. That gives them a view of knowledge that is more contextualised than the view of cognitive scientists. Cognitive anthropology is thus used here as one of the tools
for investigating the question of how the same context (e.g. a local community) could evoke different behaviour from people with different backgrounds (e.g. natives and immigrants). The key concept in cognitive anthropology is that of cultural models, defined as “presupposed, taken-for-granted models of the world that are widely shared by members of a society…” (Holland and Quinn 1987:4). These models are viewed as networks of complex relations, and they can have a motivational force and thereby explain why people think the way they do, and not only label and describe the world (D’Andrade and Strauss 1992).

In spite of cultural models being more complex than the models of cognitive science, cognitive anthropology still starts from the premise that culture is a corpus of transmissible knowledge, as distinct from the ways in which knowledge is acquired in practical contexts of perception and action. There is a movement in contemporary anthropology rejecting this, with Pierre Bordieu’s concept of habitus as an alternative to cultural models (1990). This movement could be labelled the theory of practice, and resembles the relational perspective on knowledge in the sense that habitus reminds of Ingold’s expression “we know as we go”. Habitus is not expressed in practise, like cultural models, it rather subsists in it. And if people from different backgrounds behave in different ways, this is not because they are interpreting the same sensory experience in terms of alternative cultural models, but because, due to their previous experiences, their senses are differentially attuned to the environment. Practical theory and habitus are concepts that help us to handle the complexity of peoples’ experiences and thus gain a deeper understanding of their meaning making than what is possible with the concept of cultural models.

Methods

A case study was undertaken in the parish of G, which was chosen because there was already some historical research done there by the department of Geography at Stockholm University. Another motive was that G is an ordinary rural community without any remarkable features that attracts tourists or developmental founds. The four narratives were gradually selected during the fieldwork, which was elaborated through participant observations and qualitative interviews. A total of three months was spent in G since 1998 interviewing around 60 persons and participating in moose hunts, different association meetings, church services, homestead day, handicraft day, the opening of a new beach and the anniversary of the sports club. Several spontaneous conversations have taken place in different places, often in the homes of those I got to know more closely. Participant observations and qualitative interviews are two methods that cover both people’s actions and their reflections on those actions, which gives a deeper understanding than only listening to what people say (Bloch 1998).
In the process of analysing and interpreting the data collected I have benefited from methods and theories used in phenomenology to understand how people perceive their environment (Abram 1996), hermeneutics to understand symbolic communication such as metaphors (Lakoff and Johnson 1980), and critical theory to place my research in a wider societal context (Alvesson and Sköldberg 1994). My role as a researcher is likened to that of the traveller moving in the landscape and meeting people. Where I go and the people I meet are guided by these methods, which literally means, “a way leading to a goal” (Kvale 1997). What story I choose to tell is guided by the knowledge I have achieved. It is important to be aware of how fieldwork affects the researcher, and how the researcher affects the field (Coffey 1999). Doing fieldwork in one's own country raises questions about methods and analyses that help the researcher to overcome a taken-for-granted attitude (Jackson 1987). It also puts higher demands on ethical questions such as how to present the results without offending people or revealing their identity.

The continuous re-creation of a local community

This part concerns the first assumption that people feel related to a place, which is crucial to deal with in order to understand how the inhabitants of a rural community reflect and act according to change. Here theories about sense of community/bygd are integrated with examples showing how the inhabitants of G cope with continuous changes. The notion of the bygd is thus described as “a shared conception of interconnectedness between people and a place over time”, a definition embedding the three concepts of identity, place and time. The empirical examples concern how the inhabitants reflect and act according to the slow transformations that take place at such a pace and a scale that they may not be noticed in everyday life. In other words this part describes situations where the paradox of rural development can be handled, that is to say, when most people do not view change as a threat.

Some facts about G

The name of the parish indicates that it has been inhabited for about one thousand years. Småland was constituted historically by several “small lands”, and G formed the inner part of one of them. This remained until 1971 when G through municipal reform became a part of the municipality of Vimmerby, which historically belongs to another of the “small lands”. The parish consists mostly of forest and has very little fertile land. Traditionally smallholders and crofters inhabited it, and the land, including the forest, is still privately owned in rather small plots. Many people emphasise the importance of equality and solidarity, playing up their differences with other societies with a different history. The area
runs for around twenty kilometres in a north-south direction, while being less than ten kilometres from east to west. A cultivated valley opens up the forest landscape from the north to the south. There are five villages with ten to twenty houses each, including the church village in the northern part. Demographic development follows a typically rural pattern with a rapid increase in the nineteenth century followed by an equally rapid decrease in the twentieth century. At its peak in the late 1800’s the population was around 2,700, while today it is approximately 500 (Gerger 1984:23). In a distance of forty kilometres there are three small towns, to which most of the inhabitants of G commute.

**Theories of identity**

In the 1930’s Mauss (1939) described how a person in pre-modern societies refers to a collective representation (the role) and in modern societies to more individual aspects (the self). Mead (1934) tried to merge these two aspects of a person, often viewed as the attributed and the experienced identity. He used the concept of The Self, consisting of The “I” (the self as subject) and The “Me” (the self as object), and he states that it is when these two aspects fully correspond that we feel “the meaning of life”. The Self appears in interaction with The Other, when we take each other’s role. Identity, according to Mead, is thus shaped in interaction between people. His concerns where about social identities and he did not say much about the role of the environment, except from other human beings. Charon who built on Mead’s theories defines identity as “the names we call ourselves” (1995:80). The categories and symbols that make up a person’s identity serve dual functions, according to Shaw (1994). First, they make it possible for us to reflect upon ourselves, and upon our intentions and our desires. Second, identity expressions make it possible for others to decide which position a person has in a group. Thus our identities are socially constructed and vice versa they construct society. Among the different communities that form the greater society Wenger points to communities of practise, as the “basic building blocks of a social learning system” (2000:229). Viewing G as a community of practise thus helps us to understand how the inhabitants act to continually re-create their community.

An important anthropological debate concerned with whether the concept of a person varies cross-culturally started in the 1980’s when Geertz identified the western conception of the Self peculiar (Spiro 1993). One way of describing differences in terms of identity is socio-centric and egocentric relationships between the individual and the society (Schweder and Bourne 1984). A socio-centric solution subordinates individual interests to the good of the collectivity, while in the egocentric solution society becomes the servant of the individual. A person with a socio-centric identity is defined as a daughter of, or neighbour of someone, and becomes a component in a field of social relations. With an ego-
centric identity you become someone through your personality, style, professional ability etc. Especially in western societies the same person has several social identities, and place identity could exist parallel to professional identity etc. In rural contexts it is more likely that a socio-centric identity is triggered. Another important aspect of identity is the construction of male and female identity (West and Zimmerman 1987). Moose hunting is a rural context where gender identity is evoked, even though the male gender of hunting is breaking up (Adelswärd 1996).

Connected to the concept of person and how people relate to each other, the place and its history are theories of social relations. Fiske (2000) recognises four universal models of relations; Communal sharing, Authority ranking, Equality matching and Market pricing. In order to interact there has to be an agreement on which relational form is concerned. In local communities communal sharing is probably the most dominant form, as well as the dominant norm. Though authority ranking is probably also common in many situations. With modernisation, market pricing tends to increase. Another model to understand social relations, from the aspect of preferably economic local practises confronting societal change, is the concept of the coping strategy elaborated by Aarsaether and Baerenholdt (2001: 15-40). Inspired by Polanyi (1944) they view places and localities as made up by three types of social relations; reciprocal, associative, and market-oriented. This corresponds to Fiske’s division and supplements the component of relations between people in my definition of a local community. All three kinds of relations are necessary according to Aarsaether and Baerenholdt. To maintain a balance between them the inhabitants use different coping strategies that ought to include innovations (to create support and relations to the national and global levels), networking (to create local inclusion and relations outside the community) and formation of identity (to be meaningful for those involved). If one of these strategies is missing people will have a hard time encountering problems like providing incomes, maintaining public service and securing the natural resource base.

Identity and social relations in G

Relations to the other inhabitants were historically maintained through work during weekdays and attending church service on Sundays. This pattern gradually broke up from the 1940’s onwards, and in the 1970’s only a few people were included in these kinds of relations. Sporting activities among the male inhabitants had since the 1940 are grown in importance as a way of keeping up such social relations. Politics, hunting and associations were other, not so widespread, activities. Several female informants who moved to G during the 1970’s however told me about their difficulty in getting to know other people. In the village shops
nobody spoke to them, and when passing the houses they only saw the curtains move. It took years before they talked to some of their neighbours.

By the beginning of the 1980’s new kinds of social relations had started to develop when one of the women who had moved to G invited other women to attend gymnastic groups at the local school. The mobilisation to save the local school (see Narrative 2) grew partially out of this gymnastic group. The next step was that the different sports clubs, including the gymnastics club, established a common association. As their first task the association put up notice boards in the villages and as their second they distributed a local newsletter to all inhabitants. The newsletter also helps to keep up the social relations at a distance for those who have moved away from G, or for other reasons (such as research purposes) that want to subscribe. Another association was established to look after the rural community centre (bygdegård) and arrange activities like study circles. There were already many old associations, associated with the church, Red Cross, the temperance movement, the farmers association, the local folklore society and political groups. When these became involved in a larger context covering the whole community many of them became more vital. Before there had been a clear division between the northern and the southern part of G, mirrored in the fact that many of the associations had two groups. This division is now slowly being erased.

A lot of activities, old and new, are now engaging many of the inhabitants. Among the yearly events are the homestead day taking place at the old homestead museum, the handicraft day at the community centre where there is at least one study circle every winter season. There are also summer celebrations at the lakeside, a yearly veteran car exhibition, bicycling and other activities arranged by the common sports club, festivities with sport and competitions arranged by the farmers association, trips as well as out- door services arranged by the church.

It seems as if the socio-centric identity is gradually shifting towards that of an egocentric identity, though the associations and the activities connected to them strive to uphold a sense of community where a person is defined though his/her position in a web of social relations. Market pricing relations and innovations are less common than other types of social relations like reciprocal, communal sharing and equality matching, though the shift towards egocentric identity probably also promotes market pricing relations. Conflicts are a part of the cultural practices and thus could be both strengthening and dividing.

**Theories on place**

The concept of place was first elaborated by geographers, when more qualitative analyses emerged as complement to the positivistic and quantitative tradition in geography. Tuan (1974) used the term “Topophilia” which he defined as the
affective bond between people and place. Starting from that position Relph (1976) developed the concept “Sense of Place”, consisting of four components; the physical space, the activities taking place there, the meaning of those two and the spirit of the place. With this definition it is possible for people to carry an image of the place irrespective of where they are. Discussions of place and modernity are a big field in geography. A general interpretation is that time-space relations are compressed and that place is becoming less important (Harvey 1993), Appadurai 2000). Others reject this and argue that there are new power relations that make way for new interpretations of what place is (Massey 1993).

The interest in the local, the place, the landscape and the feeling of belonging associated with this has lately been questioned. Lippard (1997) writes about the lure of the local, and constructs a theory that links local place to both global process and the politics of representation through which that place is known. The important question for her is

“... how a multi-centred world can be wrested from the control of multi-national corporations to assure a certain local legitimacy of the projects of home and place” (Lippard cited in Mitchell 2001: 278).

The landscape is also political, besides other meanings. An important issue in rural areas is how the possession of land is an aspect of place that highlights power relations (Newly et al. 1978). Another rural issue is how to maintain cultivated landscapes. Olwig (1993) suggests that it is important to maintain the relations between agriculture and cultivated landscape, by focusing on the process of landscaping instead of putting a price on different objects in the landscape as the rural policy of EU (CAP) does.

Urry (2000: 137-138) makes a distinction between two forms of local belonging, land and landscape. The practice of land captures Heidegger’s notion of dwelling, which is the same phenomenon as in my first assumption of people feeling related to a place. Landscape refers to the visible scene, and the practice of landscape is that of leisure, relaxation and visual consumption. He then describes some general features of many local communities (ibid. 139-142). First, local communities seem to be organised through different temporalities, carrying memories of those who have lived there. Second, time may or may not presuppose movement, change or transformation, leading to an understanding of places as multiplex networks and flows. Third, objects are significant in the construction of a local community, which include the significance of informal causal meeting places such as cafés, community centres, spaces under pear-trees and so on. These places could be called “third places”, beyond work and households where communities come into being and neighbourhood life can be sustained. Fourth, many local communities are characterised both by unequal social relations and hostility to strangers. Fifth, local communities are places of
consumption, and many places are themselves in a sense consumed. Finally, local communities depend upon diverse motilities.

Territoriality is a concept related to place, and it has often been interpreted as a matter of instincts, built on the assumption that animals can be dichotomised into territorial and non-territorial species. Humans are supposed to be territorial animals. But there are studies of mobile societies that show flexible territorial behaviour in relation to factors such as uncertainty and risk (Casimir and Rao 1991). An attempt to connect territoriality to modernity is made in a book about how capital, knowledge, business and individuals are crossing boarders (Karlsson et al. 1997). To classify some people as indigenous is built both on the assumption of a territorial instinct and on a classificatory model for kinship, based on genealogy (Ingold 2000:132-151). To classify is to de-contextualise, according to Ingold, and is therefore a typical “modern” way of knowing. An alternative that better fits those who are called indigenous people is to view kinship as story based (ibid). Even when stories of descent does not correspond with the genealogical findings (which for many are supposed to be truth) people can prefer their story as truth (Kurkiala 1997). Ingold states that story based descent was abandoned for classificatory models when people, as a way of gaining power over their situation, choose to be defined as indigenous. How long should a people have inhabited a place to be called indigenous? What happens if it is shown that they have been nomads? Are we not all indigenous people on earth? These are questions that Ingold is asking and that are also relevant for answering questions such as who belongs to a Swedish local community.

Relations to the place of G

There are only a few “third places”, i.e. informal meeting places, but they are much used. The only places to meet during wintertime are the school, the rural community centre and the church. They are all situated in the main village in the northern part of G, and in the southern part there are a few minor public houses for meetings and festivities. The last shop closed at the beginning of the 1980’s. In the summer the inhabitants meet at the beach that was restored and enlarged with public money and a local work force. Barnyards are semi-public places that get fewer in number when farmers go out of business.

To maintain relations to the place people often tell anecdotes about different farms and other places when they pass. Particularly during hunting it is common to stop and remind the others when a moose passed this or that way, or of some other event. These may often be old stories that everybody has heard many times before. The different places where the hunters go to wait for game also have their own names that refer to significant features or events.

The following three real-estate purchases show other ways of maintaining relations to a place.
A man, who lives outside G, wanted to sell his parent’s house when they died. He wanted to sell to a family with children instead of getting a market price and his behaviour was highly appreciated. An interpretation being that the well-being of the community was more important than his own (economic) well-being.

Six siblings wanted to sell their deceased parents small farm, and one of them wanted to buy it and move there. An offer from a German family made the siblings sell to them instead of to their brother. The German family now lives there all the year round and cultivates the land. The brother visits them sometimes and shows them how the heating system works etc. An interpretation here being that he cares about the farm in itself, in spite of who owns it.

The church sold the old priest’s house, where a family with three children has lived for several years. The family wanted to buy, but the church wanted a market price, which the family could not afford. The family moved and most people consider the church greedy and that it does not care about the community. An interpretation being that the church finds its own well-being more important than the well-being of the local community.

It is obvious that people care about the place and have a strong place identity, but it is getting more difficult to practise this since there are ever fewer third places, and the locality of the community is divided into several more private places. The boundaries of the local community are shifting depending on the context. Or perhaps there are no boundaries but a perceived place that exists when people act and communicate it.

Theories of time

The concept of time has also been discussed in relation to modernisation. Historically time was linked to place. When the watch was invented the notion of “empty time” appeared. Now the whole world follows the same division of time though calendars still differ. When time was emptied place was also emptied and they became separated (Giddens 1990). In traditional societies a place is where social activities take place and it has a time dimension of “now”. In modern societies it is possible to have relations to absent people and distant places. The local here and now is affected by social actions far away in time and space. But even today we have different perception of time according to context. When living off the land it is more likely that we view time as circular, as compared to when we have an urban surrounding which evokes a perception of time as linear. Societal change is perceived by neo-classical economists as something deterministic, based on a linear perception of time. A way to overcome this polari-
sation is through the concept of an expanding present (Bergson 1996). This is useful when analysing the contextual perception of time that appears when local inhabitants here and now are aware of local history at the same time as they are acting to influence the future.

A concept connecting both identities, place and time is nostalgia, or homesickness. Until the nineteenth century nostalgia was perceived as a medical phenomenon, but with modernity it transformed into a social phenomenon (Johannisson 2001). The need for a place to call home was supposed to disappear in a future where all people were united (ibid: 127). To be nostalgic became a sign of weakness and passivity, and an inability to become modern.

Relations to the history of G

It is quite common for the locals, not just the elderly ones, to be conscious of the history of G. To be viewed as a “real inhabitant” it is more important to have an ancestral line in G that stretches far back in time than if you are actively engaged in the local associations. A sign of the importance of old times is that many people involved in study circles about genealogical research about 15 years ago. Another example is contained in the various written records about G. The local association of retired people have, together with a researcher who moved back to G, written two reports about work and school in old times. A similar but older text is an ethnographic book from 1812 written by the local cantor. Many inhabitants have read it and quote parts from it that describes the character of people from G. In the 1950’s and 1960’s the vicar collected cuttings about G from the local newspaper. These are kept in five files by the local folklore society, an association that arranges the homestead day every summer and is responsible for some restored old buildings. Two situations illustrate the presence of the past. An 85-year old woman, who moved to G as a teenager, told me with tears in her eyes about when the church of her native village burnt down. It happened in the 17th century! A hunter spontaneously lent me some framed letters from the Middle Ages concerning legal disputes about his village.

More recent history is however also important, and many people are still upset about the municipal reform that saw G incorporated into the municipality of Vimmerby. They say that they lost their independence and that G historically belongs to a different area than Vimmerby, with another cultural context.

The inhabitants of G thus live in a kind of expanded present, when they in daily life are conscious about the past and even use it for common activities, which creates new memories to relate to.
Four narratives on change

In this section we turn to the second assumption about the more radical societal changes called modernity (high, reflexive or post). We have identified four processes of change that many inhabitants discuss in terms of conflicts, fights or problems that have to be handled. These narratives on change could be described in terms of the paradox of rural development, illustrating how people reflect and act according to changes that may imply discontinuity in the history of their community. A situation that is perceived as threatening for some people could be viewed as a possibility for others. There is a tendency that the people who have moved to a village are more open to change than the people born there, including initiatives such as stopping changes such as the closing down of the school. Those who are born in the same village sometimes feel the need not to differ from the majority, and prefer to wait and see rather than take the initiative. They could also be so used to the way things are that they do not even notice what they miss. Differences between people can also follow other criteria, such as sex, generation or class. Different contexts can activate different perspectives for the same person, like the landowner who talked about forestry from a business perspective during an interview and later during hunting talked about the game and the forest in terms of beauty, memories and feelings.

Modernisation

Modernity is mainly elaborated in sociology, starting with Marx, Tönnies, Durkheim and Weber from the late 19th and early 20th centuries. With the exception of Durkheim they were all critical of societal change from a radical perspective. In addition to their German origin they also shared the critical interest and social engagement of the researchers of the Frankfurt school that established critical theory in the 1930’s. Contemporary researchers who count as critical modernisation theorists are Beck, Giddens and Habermas. They have in common a view on modernisation as a process of unifying where large scale and general systems dominate the diversity of local systems. Beck stresses that modernisation leads to a risk society, where the global economy, and scientific and technological knowledge, apart from creating wealth, also produce risks (Beck 1992). What are unique in modern society, according to Giddens, are the pace and the scope of change as well as modern institutions like the nation-state, the wholesale dependence of production upon inanimate power sources, and the commodification of products and wage labour (Giddens 1990:6). The dynamics that characterise modernity originate from the separation of time and space, which are then opened up for de-contextualisation and self-reflection. Modern society uses the image of dualism to make it possible to take phenomena out context, changing the meaning by which we construct the world (ibid). Meaning is
replaced by facts; i.e. entities taken out of their context and therefore perceived as objective and general, and thus possible to exchange, often through money. The risk with increasing market relations is discussed by many authors (Polanyi 1944, Sagoff 1994, Lash and Urry 2000, Hart 1999). Hornborg (2001) argues that we are caught in a collective illusion that does not enable us to see other than technological solutions to economic and environmental problems.

Except for the more obvious tools for exceeding time and space, such as cars, telephones and computers, we have literacy (Ong 1990). The ability to read and write is also a tool for increasing self-reflection, which Giddens states as one of the signs of modernisation expressing increasing alienation. The paradox of rural development interpreted within the context of modernisation theory implies that the time-space-relations that give meaning to, and thus create, a local community are replaced by other relations which change the meaning and thereby the whole phenomenon of local community. The “old” community is threatened, and the “new” could offer possibilities for many people, while at the same time holding out the risk that it may simply collapse as a community.

In contrast to Beck and Giddens, Habermas (1990) does not as strongly emphasise the risk factor, nor does he study structure to such a high degree. He views society as a communicative process, which goes against the dominant opinion of society as the sum of its individuals. In his analyses of society he focuses on process, and creates a theory of communicative action that opens up numerous possibilities. In short his theory distinguishes two perspectives on society: the life world and the systems world. The life world is society from the inhabitant’s point of view, while the systems world is the observer’s perspective. Different goals and rationalities guide the two perspectives. In the life world our rationality tends to be more communicative, i.e. we speak in order to understand each other. While in the systems world we tend to act more strategically and speak in order to gain something. Communicative rationality is a utopian phenomenon, and not significant for every day life Habermas remarks, in a polemic with Giddens, who criticises Habermas for being unrealistic. Gemeinschaft and Gesellschaft, by Tönnies, are two concepts related to the life world and systems world, but according to Habermas are not transferable to modern society. Gemeinschaft is connected with the family sphere, while life world is a perspective of life more than a lifestyle.

These more or less critical interpretations of modernisation are questioned. On the one hand there are self-criticism claiming that to make concepts like habitus or communicative rationality is to classify and for that we need to generalise and de-contextualise. The concept of local community could be an example of a modern cultural construction raised from increased self-reflection. On the other hand there are researchers who question the concept of modernity, and through ethnographic examples they argue that it is a matter of context, where some
contexts activate modern knowledge, identity etc, while others activate a more traditional or local way of life (Hall 1995). A theory closely related to that of Ingold is the actor network theory of Latour (1993), where he applies a relational perspective to claim that we have never have been modern, and that societal change is a matter of shifting contexts. How to label contemporary society seems to be a never-ending discussion, with different suggestions depending on how to interpret societal change. Modernity, high or reflexive modernity and post-modernity are the most common concepts. The same situation holds for what to call the époque before the enlightenment and places outside the western world. Traditional, pre-modern and a-modern are some suggestions. The insight that it concerns something highly contextual and dynamic makes it difficult to split time and space into two categories. We use modernisation here for contemporary time and for “western” society, while what is not modern is labelled depending on the context.

**Globalisation**

A concept closely related to modernisation is that of globalisation, which indicates that modernisation is spreading outside the so-called western parts of the world (this is included in Gidden’s description of modernisation). When globalisation is used instead of modernisation there are usually three fields of change that are mentioned; economic, political and issues of knowledge. The power relations of globalisation are much studied, both north south and male-female. Four different trends for viewing globalisation can be highlighted as follows:

1) Hyper globalists, who view globalisation as both inevitable and good.
2) Sceptics, who do not view globalisation as inevitable.
3) Transformists, who view globalisation as inevitable but are critical
4) Those who doubt if there is any such thing as globalisation.

The third trend includes Giddens and many of the others that are critical of modernisation. One who has not only critically investigated the effects on the economy, political and social structures but also on our perceptions of time and space is Bauman (1998). The fourth trend includes critiques from different perspective. Some argue that what seems to be an adjustment to the capitalist mode of production or to western behaviour could better be viewed in terms of assimilation with local practises, and thus a cultural continuity is upheld (Friedman 1994). Some see trends towards both globalisation and re-localisation” (Arce and Long 1999). Ingold questions the concept of local-global, a dichotomy from a horizontal hierarchical model. In this model people and things are put somewhere, either in a very small place (local) or very large (global). Local-global presupposes a location of things and people, while a place needs activity, like inhabiting or dwelling. Instead of locals he talks about inhabitants who “make
their way around in the land”, where movement instead of destination is important (Ingold 2000:219-242).

**Development**

Another concept related to modernity is that of “development”, a metaphor for something gradually growing. The object of growth has shifted from the 1800’s and onwards, and now we have two alternative meanings. The most common is a neo-liberal definition of economic growth (Vail 1996) while another includes the growth of justice, inclusiveness and sustainability in society (Korten 1990). When the expression “rural development” is used in Sweden it refers to both definitions depending on who is using it. The concept of development presupposes an intention, an actor who acts towards a goal that defines the object of growth. The kind of rural development studied here takes place when local inhabitants act to make it possible for themselves and others to live in a place where they feel at home. Sometimes these actions are included in political initiatives like the CAP³ or Leader⁴ but mostly they concern spontaneous every day actions without the explicit intention of creating local development. Local inhabitants rarely use the term development when they speak about voluntarily work in the sports club or in organising a market fair.

**Moose hunting and hunting tourism: An example of increasing market pricing relations**

Many people who have left G return for moose hunting every year. At these occasions’ relations between people, place, and history are confirmed, through an activity where land is actively used. Since it is mostly the landowners and their relatives that are members of the hunting teams, and since most of them have quit farming and many have even moved out from G, the moose hunt is viewed partly as a compensation for the loss of farming. Hunting is an activity that in different forms has been a part of human culture since time in memorial, but the tradition of hunting teams for moose is only about fifty years old in Sweden, while hunting smaller game individually has a longer tradition. The importance of hunting seems to be to strengthen the bonds to place, but also to the forest, animals (game and dogs), and to (male) friends. Other features are the excitement generated and the opportunity to “step beyond” civilisation. This corresponds to research showing different aspects of hunting (Adelswärd 1996, Ekman 1991:

³ CAP is the Common Agriculture Policy of EU.
⁴ Leader is one of the common initiatives of EU, aiming at stimulating innovations to promote rural (economic) development. Leader areas are governed by a partnership consisting of private business (enterprises), public sector (local authorities) and idealistic sector (non-profit-making associations). The partnership should mirror a bottom up perspective.
Despite social change there is a cultural continuity in hunting. How the meat is distributed, who gets the trophy, who is included in the team, how the game should be treated both when shot and when slaughtered, the great importance of equipment are in many ways similar to societies of hunter-gatherers.

Women and hunting is a combination that is gradually becoming more common, but it is still problematic. There are some women engaged in moose hunting in G, but most of them drive the game and only a few actually shoot. One middle-aged woman born in G and still living there has been hunting since she was young. She was a member of a big hunting team but is now only hunting in her own forest together with her son-in-law and his friends. “She probably wanted the meat”, is a comment from her former team. To hunt for the meat is not serious and the fact that she is a woman could explain that judgement. Another woman in her forties moved to G as an adult and then started to hunt. She and her husband are members of a hunting team together with some neighbours, though she did not feel accepted during the first few years. A tense situation arose when she invited a young German woman who was knowledgeable about hunting to participate. In spite of the fact that it is allowed to invite friends to the hunt this was not deemed acceptable. The others did not say anything at the time, but later showed their displeasure in different ways such as when the woman did not get the usual congratulatory call on her birthday. One way to understand this behaviour is to argue that local identity was too brittle or weak. As a woman who had moved in to G she did not really belong to the hunting team and when she brought a female foreign guest the link simply became too weak. Since then she has become more accepted cultivating good relations with the other hunters.

A relatively new phenomenon is that of hunting tourism, which began in the 1970’s when land prices began to rise and the moose stock increased. Hunting opportunities were leased for several years and for relatively small sums of money. What has happened in the last fifteen year is that foreign tourists have come to G for hunting, paying more money and leasing for a week at a time. This is prevalent across most of the country. Landowners have since then tried to find a balance between, on the one hand, getting an income when farming is not so profitable, and on the other, contributing to the local hunting tradition as a way of maintaining a lively community. Both perspectives, the economic and the cultural, are needed to maintain a rural community.

Some hunting teams and landowners in G have tried out different models for hunting tourism.

1. One hunting team has paying guests one week a year. It is always the same six Danes that come and the money goes to the equipment of the team.
2. A few landowners, all of them active farmers, lease for one or two weeks and hunt together with the tourists.

3. One landowner, living in G but not hunting himself, leases all hunting to the same Danish person who in turn leases to other hunters.

4. One landowner, neither living in G nor hunting, leases all hunting weekly to different groups from Germany and Denmark.

Most people in G understand the importance of local provision and thus find the first two models acceptable. The most problematic situation is when landowners let foreign people in without taking part themselves. During an interview one hunter was critical towards his neighbour who leases all hunting to foreign tourists. Later, when we walked in the forest he pointed to the place where he plans to build a hut for hunting tourists. Next time we meet he points out the contradiction. This illustrates that the same person can have different opinions about the same phenomenon depending on the context.

The problems with hunting tourism according to the inhabitants of G can be categorised in three ways.

- **A cultural problem.** Through the exchange of money, relations between hunter, forest and game are changed thus changing the meaning of hunting itself. The price mechanism gives instrumental values to what used to be intrinsic values. Expressed by the hunters themselves as “The money has ruined the hunt” and “With hunting leasing the ethics are gone”.

- **A social problem.** Relatives and friends that return to G for hunting might not be able to afford hunting when the prices go up. The same holds true for inhabitants who do not own land. It is already hard to attract young people, which could partly be explained by the high costs. This evokes the question of how the local identity is created and ultimately re-created.

- **An ecological problem concerning game preservation.** Most of the Danes hunt without a Swedish guide, and they are accused of simply “shooting everything that moves”. It is also supposed that they consume a lot of alcohol. For these reasons people become worried that such people do not stick to the hunting regulations, and view this as the reason why there is a significant decrease in young deer. The Germans have Swedish guides and are believed to stick to the rules. But for both groups the hunters of G are afraid that those who pay want something out of it, and lack solidarity towards regulations and game preservation.

Some examples from hunting illustrate who belongs to the community and who does not, i.e. the concept of local identity. Danish hunters are considered to be less foreign than the Germans, since they can speak with them and recognise their behaviour. Even among people in the community there are those who
belong more than others. Hunting teams from the northern part rarely hunt together with those from the southern part. The landowners are usually viewed as belonging more to the hunting teams than are the other members of the team.

Hunting tourism is becoming more common, but the way to handle this differs on an individual basis. The only common platform to discuss the problems is at the annual meetings of the local association for moose preservation (älgskötsel-område). All landowners/teams in G are members except for two, of whom one is the landowner leasing to the Germans and the other is the couple involved in the conflict with the priest (see Narrative 3). These associations have taken over some responsibilities from the local authorities, and the members agree on common rules for how much game to shoot. The co-operation between the teams has worked well and the next step is to co-operate with neighbouring associations to create bigger areas with the same rules. This move towards an ever-larger scale of organisation is however criticised by some of the hunters.

One interpretation of what happens when local hunting meets hunting tourism can be seen in terms of the modernisation process. When the moose hunt is taken out of its context of a male network that confirms the community, its meaning is changed to that of a source of income for the landowner. To make this possible hunting must become a part of the market economy, which many hunters oppose. To put a price on something you have to redefine the context from that of a relation to that of an object that can be measured. An object is something that you can have claims on, it becomes a resource that you can own or use (Evernden 1987). Tourism in general involves the risk of objectifying “the other” (Urry 2002). Of course beforehand hunting was also a way to ‘provide’ but it was directly (meat instead of money), moving between contexts when relating to the game as a subject, rather than as an object. To relate to everything as a resource reduces the diversity of values to the level of the instrumental only.

The fight for the school – An example of mobilisation to save “third” places

This narrative contains two processes of change. One is the diminishing number of “third places”, i.e. informal meeting places between the spheres of residence and work. The other process of change is the mobilisation triggered by a threat. The most well known Swedish example of inhabitants mobilising to keep open their local school is that of Drevdagen in the 1980’s (Halvarsson 1999). In other local communities it is the local shop that is threatened and there are parallels between what a shop and a school means to a local community (Kaijser 1999). In G the last shop closed at the beginning of the 1980’s before the development of new kinds of social relations that made mobilisation possible. A few years later the municipality suggested closing the school, because too few children attended, thus the children would be moved to the neighbouring community which had become bigger than G. The school was built in the 1940’s representing progress
and wealth. Not only parents, but also the other inhabitants were engaged in the struggle to keep the school open.

A mother who had moved to G some years earlier took the initiative to mobilise the inhabitants against the decision. She engaged not only other parents but also other inhabitants, one of them a returning researcher who specialised in work on local schools, and who presented facts that made it difficult for the authorities to ignore the protest. Not all inhabitants became engaged and the fight made peoples’ opinions visible in a way that had never been manifest before. The school is situated in the northern part of G and some of those in the southern part already preferred the bigger school in the neighbouring community closer to them. The woman who took the initiative was also a politician, and another local politician from the same party spoke in favour of the decision, which evokes bad feeling from many inhabitants. After a while the fight succeeded, and the school was given a reprieve, but only for a year or two at a time. This has created a lot of uncertainty among both the inhabitants and the teachers, and several times they have had to mobilise again to avoid a new threat. In recent years the school has had classes only up to fourth grade, and sometimes in B-form, i.e. different grades in the same class. Currently there are very few children registered, and it is probable that the school will close next year.

The narrative can be viewed both as a success and as a failure. It is common that a threat against the school activates place identity and that the inhabitants will mobilise in its defence. The success is that mobilisation as in many other villages led to other initiatives, which will still exist when the school is closed. It was also a success that the school continued for another fifteen years. The failure is that G lost another of its few common meeting places, and also the opportunity to work together for the school, while it has also become difficult for the children to create relations with each other and with the place. Many conflicts have been avoided because people trust each other because they went to school together. Yet another consequence is that the boundaries of the community change, with G gradually merging with the neighbouring community. The fusion of the two parental associations into one some years ago is an obvious step in that direction.

**The conflict between the priest and the church council:**

**An example of changing power relations**

This narrative concerns a conflict between, on the one hand the traditional members of the church council and on the other, the new and modern priest. The church in G was built in 1903, when the process of ongoing population decline had already begun, though there were still more than 2000 inhabitants in the village at that time. The church is an impressive building, much bigger than what one would expect for such a small village. It is built near the school and the two institutions remind us of days gone by when G was a municipality of its own. The
The church council has for many years been dominated by a couple, which were powerful when G had its own local authority. The wife is a daughter of the last head of the local government board, and the church council has served as an unofficial local government board, though for some years now G has, together with the neighbouring community, formed a common parish. Three priests have quit because of the powerful church council, and the new priest was conscious of the situation when he arrived in 1996. He became very popular and soon the church services were attracting more people than for a very long time. One example of his many new ideas was the yearly “hunting service” before the moose hunt, with a stuffed moose, beer and pea soap in the church.

Two years ago the priest got tired of not being able to make decisions on his own and after a fight before Christmas he closed the church and told the parish that “it’s me or them”. Unlike traditional ways of handling a conflict he also called the newspapers. Some people in G answered in the same public way and distributed a call in favour of the priest. Many added their name but many preferred to be neutral, not only those who was born in G but also some of those who had moved there. A few people took a stand for the church council. Finally the priest stayed and the old couple and a few other elderly people left the church council. They also left other associations associated with the church, and they do not even attend church services anymore. The new church council consists mostly of the same people that engage in the local associations. Some of them are atheist but the priest says, “it is more important how people act than what faith they have”. Other visible changes are that the church visitors applaud when artists perform in church, and that the churchwardens are now much more likely to be casually dressed.

One interpretation of this is that the church has changed identity from representing the “old community” (when G was a municipality) to representing modern development as one of many local associations. Thus power has shifted from the old people involved in the municipality of G to the younger people engaged in other associations. In this case the change was so abrupt that some people literary stepped out of the community. Different interests as in this case do not have to lead to conflict, but when the change is abrupt there is a risk that the persons involved distrust each other and the situation. From aiming to maintain traditional values and sometimes reject change, the church is now driving change together with other associations.

Farmers and the cultivated landscape – An example of ongoing decline in the agricultural sector

For centuries G has been characterised by smallholding, with an open landscape in the Central Valley and small plots in the forest. The farms are almost the only local working places and they represent the major part of the area’s economic
activity. There are about ten farms left, three or four of them providing full time work for the owners, while two of them still have employees. Many others live on a farm and grow some hay for the horses. Everybody is aware of the decline of the farming way of life in G, and both farmers and others talk about it as a problem.

Seen from outside: The farmers play an important role locally, though not now so much as food producers. Most people seem not to care so much about the food quality or where the food is grown. Only a few, well-educated persons, prefer ecological food. Many women cook and do not buy semi-processed goods. Farmers are instead appreciated as agents of local culture and as landscape keepers. They are in a concrete fashion upholding the relations to the place by cultivating the land. In some parts of G the fields are now abandoned and people worry that these areas will soon become overgrown with weeds. In one of the villages a younger couple rear sheep in addition to holding down full time jobs in the town, and thanks to them the landscape is still rather open. Now they are divorcing and selling the sheep, which will affect the whole village. All inhabitants know who is living on the different farms, and how they are running their farms. Those who have lived on a family farm for generations have a special role as “real” inhabitants. A young farmer, who mistreats the farm and the cows, was excused in the presence of me by the inhabitants in a way that goes against their conception of a respectable farmer. They know his background and thus they do not want to blame him.

Seen from inside: The farmers are both local inhabitant and professional, and there is a widening gap between the two identities. The local farmers association stresses the professional role, and at a yearly market-day at the community centre they placed themselves a little apart from the other activities. One of the two biggest farmers views the farm and not the community as his home. Outside his farm he is as much from Småland as from Europe, he says. The other big farmer is very active in several local associations, including the farmers’ association, and is very well known in G. Some young farmers prefer the company of other farmers even if they live in another district, and many farmers are sceptical towards rural developments such as the Leader programme and other modern projects. There seems to be a level of mutual ignorance between farmers and other rural inhabitants, which probably will increase in the future. To change identity from being food producer to landscape keeper is something many farmers may have to reflect much more deeply on in future (Flygare 1999).

Farmers are still important for the community through the way they maintain relations to the place and the historical continuity of the community, but the question remains whether the farmers will manage to let the community remain important to them. The rationalisation and mechanisation of the agricultural sector makes it difficult to manage smaller farms. The result is that the farmers
become fewer and fewer, which undermines the importance of farming in rural communities, which in the future also undermines such rural communities themselves.

Discussion

To understand how the inhabitants of a rural community reflect and act in accordance with change, we first have to know what it means to be an inhabitant of a rural community. One answer to this could be: It means that you uphold relations to other inhabitants, to the place and to its history, that social relations are sometimes reciprocal, that all kinds of relations (to people, place and history) are elaborated in activities, and that you – among other social identities – also present yourself as an inhabitant of a community, i.e. a place identity. Other ways to express this are to be an inhabitant of a local community you have to dwell there, or the place has to become a *habitus*. To dwell does not mean that you have to live there permanently or spend the whole day there. As many people commute and thus leave the community during daytime, they have to find other ways to maintain such relations or to dwell. The local associations and the activities connected to them have increased over the last fifteen years generating a number of social relations, which have led to new projects and associations. Place identity is strengthened through these associations, but also through activities such as hunting and “small talk” about people, places and memories. Relations to the place and its history are also maintained through activities such as the yearly homestead day, the church ceremonies and study circles where elderly people publish books about their memories.

The next step will be to discuss change. Change is a part of life for all organisms as well as for all communities. Societies have through history been characterised by mobility and shaped and influenced from outside, though at different paces and scales. This implies that the notion of what it means to be “a community” is constantly under negotiation, being created and re-created. The activities and reflections presented above are part of the continuous re-creation of the community, helping the inhabitants to balance change and tradition. To avoid the collapse of the community the inhabitants strive for continuity and therefore changes are interpreted within the context of existing cultural models of how to relate to other inhabitants, to the place and to its history, manifested in traditions and norms such as how to celebrate midsummer or how to greet each other. To change these models could be difficult and frustrating, something that newcomers and young people in particular have experienced to their cost. In spite of this, many of the developments of the last fifteen years have been initiated by new inhabitants. Moreover, they have generally been appreciated and encouraged by many native inhabitants. This may then illustrate that instead of the rather
static concept of cultural models, the concept of *habitus* may be one that better corresponds to the complex situation where different actors with different experiences are engaged in the continuous re-creation of the community.

The four narratives illustrate situations that evoke conflicts or fights, showing what could happen when relations are not possible to maintain, or when cultural models are violated. To make a generalisation possible the narratives are compared with other research and interpreted into processes of change that many (Swedish) rural communities are experiencing. The narrative on moose hunting and hunting tourism illustrates the increasing encroachment of market pricing relations, which is the driving force behind the modernisation process. The narrative about the school illustrates both the process of the erosion of “third places” as well as the tendency for inhabitants to mobilise in order to save these kinds of places. Such mobilisation is at the heart of the so-called village action movement. The narrative about the conflict between the priest and the church council illustrates the changing power relations of the last decades, influenced in particular by the village action movement. The narrative about farmers and the cultivated landscape illustrates the decline of the agricultural sector, which is a trend closely connected to the modernisation of agricultural policy after the Second World War. Every narrative contains a little bit of all four kinds of changes, though each is chosen to illustrate only one of them. These four kinds of changes could be seen as examples of discontinuity that are threatening the Swedish countryside. The time-space relations that give meaning to, and thus create, the community are in these examples replaced by other relations which change the meaning and thereby the whole phenomenon of the community as *habitus*, or a dwelling-place for the inhabitants. But we should always remember that what is perceived as others often welcome a threat by some people.

The paradox of rural development – that change implies strains as well as opportunities – must be handled locally but it is necessary that such policies create the conditions for inhabitants to act according to their own views. As there are different views in a local community one suggestion is that, as a complement to economic and legal policy instruments we should also introduce methods for handling conflicts, social learning and other communicative instruments that empower the inhabitants to act in a way that maintains the local community without conserving it or completely renewing it. The continuous re-creation of local communities presupposes change, but not discontinuity.

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Local associations and networks
as important players in rural development

Marianne Bay Nielsen

Introduction

This paper1 is based on the results of a study of the impact of local associations and networks in a rural municipality named Helle. We have focused on the impact of these associations and networks in the municipality, including their future potentials in relation to the development of the local area.

One of the reasons why the Danish Centre for Rural Research and Development undertook this study was that studying the possibilities for development in rural areas is one of the aims of the Centre. In relation to this aim one can ask for instance who the present players are, and who the future players in this development process could be. In this study we have chosen to look at local associations and networks as possible players in the development of rural areas.

The Danish Centre for Rural Research and Development has also been encouraged by other parties to make this study. The motives have been numerous, but there is no doubt that most people have the impression that the activities in associations and networks are both comprehensive and important in Danish rural areas. Moreover it is also a fact that today Denmark is one of the countries with the largest part of its population organized in associations (Torpe, 2000). However, these associations have not always been there. They are the product of developments in society in general during the last half of the 19th century and the beginning of the 20th century where agricultural co-operatives and folk high schools gained ground. This link to the culture of agricultural society leads us to believe that local associations and networks have had a larger impact in the country than they have had in towns; but no systematic knowledge currently exists relating to the situation of local associations and networks in rural areas today. We wanted to make an attempt to close this gap in the literature by drawing a picture of such local associations and networks and their various impacts in a chosen rural municipality.

As such, the purpose of the study was to answer the following question:

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1 This paper is based on a study published in: Nielsen, M. B. & Thuesen, A. A. (2002). “Foreningslivets betydning i en landkommune – Helle Kommune”. Working Paper 2/02. Esbjerg: Center for Forskning og Udvikling i Landdistrikter. ISBN: 87-91304-01-6. The publication can be ordered by contacting Tel: +0045 6550 4146, Fax: +0045 6550 4197 or e-mail connyc@cful.sdu.dk at the price of DKK. 175.00.
What is the impact of local associations and networks in the municipality of Helle today, and what is it likely to be as regards future development?²

Inspiration from recent theories on local development

The study was inspired by a number of research contributions and theories relating in particular to local development. Many of these theories attest to the societal influence of local associations, although none of them work explicitly with local associations as we have in Denmark. In particular, two recent angles of approach using different partial-theories for understanding the potential impact of local associations on local development have attracted our attention, they are:

- Impact of place and local feeling of belonging as elements of identity creation
- Impact of (local) networks

Both approaches are regarded as very important to the global economic development. They both focus on the relation between the uncertainty each individual feels in society as a whole in connection with (the threat of) change on the one hand, and potential innovation and development on the other. So these approaches are central in connection with the regional prerequisites and impact of significant leaps in technology. In this schism perhaps local associations can help to overcome the new challenges faced by providing – either completely or partly – safety, knowledge, influence and by ensuring that (or preventing) “the new things” are generally accepted. In fact, local associations can be the local social and cultural infrastructure that comes into effect in connection with socio-economic development and change.

Impact of place and local feeling of belonging as elements of identity creation

Ulla Herlitz, who is a source of inspiration, has worked with the concept of place ideology (Herlitz, 2000). She has mapped and thoroughly analysed thousands of local development groups in Sweden. Based on a comprehensive empirical study she sees a change of paradigm in the way democracy works in society. The old industrial society was based on conflict orientation, vertical contacts and political parties, whereas knowledge society today is based more on consensus solutions, horizontal networks and “place related”, i.e. local groups. This has had the impact on local associations such that place ideology today has replaced party-political ideology as the value standard for local political action. Today geographical place is the common denominator, and group member’s work for the

² In most of the remaining text associations and networks will be named associations.
common good of place more than for any party-political purpose. The village, the parish and the local society form the centre of the common interest, and it is a matter of a unified whole, i.e. the development of the cultural, social, physical and economic milieu. In this connection it is important to mention that these associations are voluntary and open to all inhabitants of an area, and everybody is needed in this work. The local groups that Herlitz studied in Sweden have all come into existence because of a locally felt democratic deficit, where the locals led by “fiery souls” have taken matters into their own hands. By virtue of such local co-operation a “we-spirit” and a common identity connected to the local area or perhaps more to local society has emerged. Herlitz’s theory can therefore throw light on the background to the burning of such a large amount of energy on voluntary work by local people in some areas for the benefit of local society.

Other recent research contributions also focus on the impact of identity in connection with the place in which one lives, in particular here we refer to the work of Terry Marsden and Jonathan Murdoch (Marsden & Murdoch, 1994). Their starting point is that in some rural areas of England a so-called counter-urbanization process is taking place, meaning that relatively well-to-do families, engaged in active employment, which used to live in urban communities, are now moving into the country. Their theory is that this can be explained as middle-class people seeking identity by owning and showing their own property and thereby realizing their dreams of life and a house in the country. The authors regard it as a part of the class struggle and see this trend as a reactionary expression, as the newcomers try to exclude others or prevent further development in the area. In Denmark you can see many new households take up residence in rural areas near to the larger cities. If this trend is to be explained in the context of Marsden and Murdoch’s approach we would then expect to see the local associations or voluntary communities in such areas being, in principle, opposed to changes or more development in their local areas.

Realizing the dream of living in areas with magnificent natural surroundings belongs in particular to that part of the work force regarded as key manpower for the new business types, typically people with degrees and higher education. This fact is taken more and more into account when strategies for trade and industrial development are made. This is reflected for instance in the present political interest almost all over Denmark in providing better possibilities for settlement in attractive places. So there is a close connection between the place key employees with the right qualifications want to live, and where the new trades and industries can be developed, because in principle they can be located everywhere. Although this is probably not the reason why associations exist, they can call attention to local values and make it attractive to live in a specific area, which may keep and

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3 This counter-urbanization takes place all over Europe.
attract people with many resources, and thereby gain influence over how to strengthen the development of trade and industry.

The impact of (local) networks

In both the socio-political and economic literatures there are a number of theories on the concept of networks. Unfortunately there is no set or agreed definition, with each source often describing the concept quite differently, though all agree that the concept itself is of great importance, both regarding the quality of life for each individual and regarding the status of each enterprise. We do also have theories of the impact of such networks on local development. A few will be mentioned in what follows below.

The “network” of Robert D. Putnam is described in relation to the concept of social capital (Putnam, 1993). Putnam says that an important prerequisite for growth in a local area or a region is the presence of social capital, which can be described as the relations between people, often illustrated by the presence of choirs, or the space where mutual understanding, common values and trust arise. Trust in particular is a central or key concept for accepting change and innovation and thereby becoming a dynamic participant in the economic development process. Social capital is seen as production factors such as physical and human capital, and it seems obvious to see associations and their activities as organisers of this social capital. As such, associations should be able to play a larger role in future in relation to economic, trade, and industrial development, in spite of their direct purpose being originally formulated somewhat differently.

Reidar Almås also has something to say in connection with local development. On the basis of many years of study he concludes that, in order to make local development work successful, some prerequisites must be present (Almås, 1995). There must be co-operation between the various players: local participants, external participants and the public sector. This is called the “necessary triangle”. These prerequisites can be regarded as a process, where initially local resources are mobilized while the idea and the project are rooted. An external stimulus often acts as a catalyst here, while public support, makes it possible to carry out the project. Almås’ theory argues that the local players can be local associations but he also points out that to achieve more success, co-operation with external parties and the public sector is necessary.

Bengt Johannisson points in the same direction, as he also stresses the importance of interaction between local (horizontal) networks and non-local (vertical) networks as a prerequisite for local development and growth (Johannisson, 2000). He sees local networks as place bound, culture supporting and trust based networks, built on social capital, and thus they are the ones to best ensure the possibility of developing the local area, whereas non-local networks entail the
economic (structural) possibilities for the same development. In this regard it is easy to see associations as local networks.

One can find similar approaches to those of Johanisson for instance in the theory of institutional thickness by Ash Amin and Nigel Thrift (Amin & Thrift, 1995). The ability of the locality to ensure economic growth and thereby development depends, apart from economic factors, also on the local presence of institutional thickness comprised of social and cultural factors. Institutional thickness is constructed locally and is related to the strong presence of institutions, a high level of interaction between these institutions, a sharply defined structure of dominance and/or coalition patterns between the institutions, and the mutual consciousness of the common project and the common agenda. The theory of institutional thickness is based on local trades and industries, but if we use the theory to deal with associations we can see that they are theoretically able to carry future growth in the economy and in trade and industry, if such associations become part of the institutional thickness of the trade and industry sector, or if the associations themselves form their own layer of institutional thickness.

All of the theories mentioned above can allocate to associations a very important purpose in connection with local development. Indeed, the potential is probably much greater than many of the members of the associations themselves conceive in their daily life.

To put it in a simplified fashion, the two approaches outlined above, concerning the impact of place and local networks, can be connected by the fact that activity in associations is characterized by their attachment to local society and to local feelings of belonging, which acts as a creator of identity. Associations as local networks provide the base necessary to encourage support for, and the promotion of the potential for future local development. Whether or not this development is initiated also depends on other factors such as the presence of mutual trust, co-operation between the right players and the way the players act.

Method

Concepts

The question posed above deals with the concepts of impact and development, however they need to be defined more precisely in order that we are able to better understand how they have been looked upon and used in this study.

Impact

Analysis of the impact of local associations was split into a number of subjects, with each contributing to answering part of the question. The chosen subjects all
originated from the two theoretical approaches and partial theories commented on above. The subjects are:

- The extent of local associations.
- The purposes and actual activities of the local associations.
- The motives for becoming involved in local associations.
- The broadness of participation in local associations.
- Co-operation entered into by local associations.

The degree of development-orientation of the local associations

Development

Development is normally regarded as a dynamic process, where a change “in a positive direction” takes place. This understanding of the concept has been used in the study, where development is regarded as an extension of something that already exists, or as the start of something new. Furthermore, the concept has been extended to also include the maintenance of something that is already declining, or is at risk of declining.

In the study the focus was put on development activities in relation to local associations. To limit our enquiry to a manageable size we chose to focus exclusively on the impact of local associations on development in relation to the local community, inclusive of the trades and industries.

Where development activities are mentioned in the study note should be made of the fact that “development” was differentiated into its direct and indirect forms.

By direct development we mean that the local associations form the actors that take a concrete and clear initiative towards a particular development activity that concerns the local community.

In the study we work with three simplified groupings of purposes and activities for the local associations, all of which are of relevance to direct development. The categories are: “functional”, “policy based on place” and “policy based on a certain idea” of purposes and activities. These categories were defined as follows:

- Having a functional purpose or activity means to execute or to take care of a specifically defined task, often of a practical, economic or administrative character. Such a task can be public or private in nature.
- Having a “policy based on place” purpose or activity concerns the efforts used to control or influence development in a place understood as a relatively small geographical area.
- Having a “policy based on a certain idea” of purpose or activity concerns the efforts to control or influence development in a certain direction based on an idea.
The specific development activities we have found in the study can be summarized into physical planning of the local area, marketing of the local area and economic development in the local area. Most often the development activities contain more of the above-mentioned definitions of purposes and activities.

In *indirect development*, however, the local associations are involved in activities that in an underlying way form the basis of direct development, possibly by creating social and cultural infrastructure.

In the study we also work with three simplified groupings of purposes and activities for the local associations, which are all of relevance to indirect development. These categories are: “cultural and social”, “sports” or “religious” purposes and activities.

**The municipality of Helle in short**

The study was carried out in the municipality of Helle, which is a rural municipality\(^4\) of 8,366 inhabitants covering an area of 280.5 km\(^2\) and with a population density of 30 inhabitants per km\(^2\). The municipality of Helle has seven parishes.

As a consequence of the Municipal Reform of 1970\(^5\) the municipality of Helle was established through the merger of a number of parishes, which had not until then had significant relations with each other. This municipality differs from many other Danish municipalities in the way that it does not really have an urban centre and therefore no natural centre. The sports centre of the municipality is almost the only thing placed in the geographical centre of the municipality. The place chosen for locating the sports centre is of symbolic significance, and today this centre represents the place to which the citizens connect their common identity. So the solidarity of the citizens has changed from an administrative assertion to actually entering into existence through common leisure activities.

The municipality of Helle is situated in the south-western part of Jutland with the neighbouring municipality being Esbjerg, which is the 5\(^{th}\) largest city in Denmark with approximately 83,000 inhabitants. Helle is a part of the regional labour market and is in all respects a part of the hinterland, not least in relation to manpower. This is reflected in the extensive commuting activity in the municipality. The in-commuting of persons working inside the municipality is 28.7 per cent whereas the out-commuting by employed people living inside the municipality is 49.6 per cent. So there are jobs within the municipality, and the

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\(^4\) A rural municipality is defined as a municipality where the biggest town on 1\(^{st}\) January 1994 had less than 3,000 inhabitants.

\(^5\) During the Municipality Reform in 1970 more than 1300 municipalities were reduced to 275 municipalities and the number of counties were reduced from 23 to 14.
number over the last ten years has remained at a constant level of approximately 3,200.

The municipality can be described as a rural area, as in addition to a low population density it also has a large number of enterprises within the “Agriculture, fisheries and raw material extraction” sector (52.9 per cent) and a large part of the population working in the same line of business (16.3 per cent). The dominance this line can most likely be used to explain the comparatively large number of self-employed people (12.6 per cent) in this municipality.

The politicians aim at the continued equal and decentralized development of the municipality, so that the six catchment areas remain intact with regard to institutions, trade and industry, and services.\(^6\) The general picture today is that there is only one convenience store left in most of the local areas. But instead of launching a business strategy the predominant political position in the municipality is to concentrate on settlement.

The study was split into three sections: the registration of local associations, the study of questionnaires sent to the associations registered, and interviews on the parish and municipality levels.

The registration of associations

Information on the registration of local associations in the municipality of Helle was gathered from electronic reference books. We were interested in reaching as broad a spectrum of resource persons as possible, and therefore the only criterion set up was that the associations had to be represented by a committee, council or board.

The associations were sorted by name. A list was made of the registered associations geographically related to the municipality of Helle. Then the associations were divided up into the seven parishes, each association belonging to the parish to which it had the closest connection. Those associations connected to the municipality as a whole, were gathered into a separate group. Those associations with names that indicated a significant connection to the region (for instance to the county) were screened out, given the overall aim of the study.

The same procedure was used when the associations, based on their names, were split up into the 24 types of associations, of which the study comprised. A total of 155 local associations were registered in the municipality of Helle. The 24 types of associations are:

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\(^6\) The six catchment areas are situated in six different parishes. So one parish does not have its own school.
- Aerial associations
- Athletic associations
- Children- and Youth associations
- Co-operative societies
- Environmental and Nature associations
- Household associations
- Hunting associations
- Other associations
- Political associations
- Religious associations
- Senior Citizens associations
- Village Halls
- After-school (recreation) centres
- Boy and Girl Scout associations
- Citizen- and Parish associations
- Cultural associations
- Historical associations
- Humanitarian associations
- Kindergartens
- Parochial Church councils
- Recreational classes
- Schools
- Trade and Industry associations
- Waterworks association Survey

All associations registered were given a questionnaire with questions on the age of the association, its purpose, its main activities, the committee members, and the number of members, its geographical working area, and the habits of cooperating with other players. The questionnaire was sent out to the presumed chairmen of the associations. Apart from answering the questionnaire they were also asked to send us their articles of association and other relevant material.

Of the 155 associations to which the questionnaire was sent, 70.3 per cent (109 associations) answered the questionnaire. Four of the questionnaires were returned without having been completed, so in total 67.7 per cent of the questionnaires were filled in. The percentage varies significantly from one locality to another and also from one type of association to another.

Interviews

The last part of the study was comprised of interviews with the associations on parish level as well as those on the municipality level. Chairmen of all associations in each parish separately were invited to an evening meeting in their own local area. The interviews carried out were loosely structured on the basis of questioning guide lines, where focus was initially put on the motives for joining local associations and participating in their activities, secondly on the cooperation with other players, and finally on how the associations viewed themselves in the context of the development of the local area.

Out of the 155 associations invited, 55.5 per cent (86 associations) participated in the interviews. So participation was somewhat lower than in the questionnaire
survey. The attendance levels varied considerably both from one locality to another and from one type of association to another.

The results of the study must be seen in the light of the fact that the study was based solely on information from the local associations themselves. This means that there are some factors of which we have no knowledge, but which are of relevance to the result of the study. The study does not include:

- What people outside the local associations thought of the impact of these local associations?
- What the municipal authorities thought of the impact of the local associations.
- What kinds of trades and industries were present in the municipality of Helle, and what they thought of the impact of the local associations?

Based on the purpose of the study there are, when the impact of local associations on development is examined, a number of limitations to the results of the study, as they can show us only how the committee members in local associations look upon themselves. Moreover there is no possibility of examining the actual economic effect of the impact of local associations on the local community with the data provided by this study.

Results

The study has yielded much information and a summary of the results will be presented here.

The main result of the study was that the impact of local associations in the municipality of Helle is significant, as these associations undertake numerous tasks, which would surely be missed if they were not taken care of. The local associations for instance hold many spare time activities, joint parties and cultural arrangements in the municipality. In addition the local associations have undertaken tasks such as nominating candidates at elections, supplying citizens with water or television programmes, and taking care of the local interests of the various parishes. So a number of tasks are carried out through voluntary work in the local associations, and if they did not take care of these tasks, resources from elsewhere would be needed to maintain the same variety of possibilities for the citizens in the municipality.

The study shows that the extent of the local associations is large in the municipality of Helle, as regards the total number of associations, the number of members and the level of activities. In an earlier study of local associations the rate of urbanization is said to be of importance to the number of associations in a municipality, where a lower rate of urbanization leads to a higher rate of associations (Ibsen, 1994). This also seems to be the case in the municipality of Helle. With 54 citizens per association, nothing indicates, however, that this
municipality has neither more nor less associations than does other rural municipalities. In addition to the impact of the rate of urbanization there also seems to be a connection between the number of associations and citizens even down to the parish level, as parishes with few inhabitants also have, comparatively speaking, many registered associations. The number of memberships and activities also underlines the extent of the local associations. So not only are there many local associations in the municipality, these associations also have many members. Each citizen in the municipality of Helle has 2.4 association memberships. Apart from the many associations and members there is also a high level of activity in the associations, each association holding on average 14.7 events per year.

A listing of the purposes and actual activities of the local associations shows that most of them in terms of both purposes and activities can be classified within the cultural and leisure time areas. Here purposes and activities include something cultural, social, sporting or religious. These associations contribute to the creation of a social and cultural infrastructure, which makes it pleasant to live in the area, and they deal with subjects that in an indirect, underlying and partly invisible way has an impact on the development of the local community. A few of the associations work directly with the development of the local area. Most of these associations can be classified as functional problem-solvers who take care of specifically defined tasks of a practical, economic or administrative character such as waterworks associations and aerial associations. Some, such as citizen- and parish associations and trade and industry associations have a “policy based on place” basis where the development of the local area is one of their aims or one of their activities. Other associations have a “policy based on a certain idea” basis with the purpose of promoting a matter related to a certain political idea, of which political associations are perhaps the best examples.

There are many reasons why people choose to engage in local associations. Some of the motives given for their involvement are for instance a desire to work for the associations and an interest in obtaining influence, just as some become engaged because their children participate in the activities of the associations. Furthermore, people become engaged because of a sense of duty, or to pay back to the community what one has earlier received through associations and other peoples’ engagements and efforts here. It is also of significance that one can meet new people when joining associations, i.e. the social aspect of local associations, just as it is significant for in terms of engagement that the activities of the associations are aimed at the parish level. When the geographical focus in the work of the associations is removed from ones local parish for instance to cover the municipality as a hole, there seems to be a decline in interest in engaging in the associations, unless some of the other incentives are very important to the engagement of the individual. The fact that most of the associations actually
focus their work at the local level underlines the meaning of the local area in connection to the local associations.

There is a huge level of *participation* in the organizational work of the local associations. If one compares the number of committee members with the number of inhabitants in the municipality, one will find that there is a committee member for every twelve inhabitants in the municipality of Helle. As 87.8 per cent of the committee members are members of only one committee, the organizational work is spread out among many different citizens in the municipality, giving breadth to the organizational work. It is a problem, however, to make people volunteer for committee work in spite of the fact that associations put much effort into this. This situation may very well become one of the future problems of local associations. Compared to the general age composition of the committee young people in particular are hard to attract, and the reason given for this is that this section of the population has a lot of other offers as regards how to spend their spare time. After the age of 30, peoples’ interest in the organizational work of the associations seems to rise. Apart from the group of young people there are also fewer women involved in committee work, as they make up only 41.4 per cent of the committee members. There does not seem to be considerable differences between the participation rates of local people and newcomers in the organizational work in associations. Regarding occupation, the group of self-employed is strongly represented in this work; as for roughly every 4th wage earner in the committee one is self-employed, whereas for about every 8th wage earner in the total workforce in the municipality of Helle one is self-employed.

The associations are open to *co-operation*. As many as 88.1 per cent state that they co-operate with others. This co-operation can be with other associations, with the local government, and to some extent with the trades and industries. This takes place to provide as many resources as possible to carry out the desired activities that people want to attend. As such, co-operation between the associations extends the possibility of carrying out events and arrangements that one of the associations on its own would not have been able to carry out, either for economic reasons or due to insufficient member numbers. Co-operation takes place on two levels. On the one hand it takes place within the parish between various types of associations, while on the other, there is co-operation between the parishes and up to the municipal level, between identical types of associations. This co-operation is divided such that 82.3 per cent of the associations cooperate with the same type of association as themselves, while 37.5 per cent cooperate with another type of association. Co-operation with the local government takes place partly to influence the political decisions made in the municipality, partly to get economic aid to carry out the activities or to establish buildings. 40.6 per cent of the associations co-operate with the local government. Co-
operation with the trades and industries also takes place for economic reasons, as
it is often in connection with sponsorships that the trades and industries are
contacted. 14.6 per cent of the associations co-operate with the trades and indus-
tries. The basic line is that there is a mutual connection between the associations,
between associations and the local government, and between the associations and
the trades and industries, where the connection to other associations is strongest
and the connection to the business community is weakest. In return for what the
associations receive through their co-operation with the local government and the
business community respectively, the associations undertake the maintenance of
local activities including functional tasks.

The degree of development-orientation depends on the parish where the local
associations are situated and on the type of the association. When one particular
association of a specific type differs from the other associations of the same type,
it often seems to be the locality that is the deciding factor, with the association
being influenced positively or negatively by the other associations in the local
area. So there is an indication that an effort within development activities can be
made with common geography as the basis.

Most activities in the local associations are not exactly direct development
activities, more leisure activities such as for instance sports activities and social
events like joint parties and debates with cultural/political/religious topics. All of
this does however contribute to putting life into the area and some substance into
peoples’ spare time. Nevertheless, these associations do not have development of
the local area as one of their main purposes. They help to maintain the social life
of the local areas, which can indirectly have an impact on the creation of more
direct development activity in the areas. Basically, the simple presence of local
associations can make the area more attractive to settlers. This may make it
possible to keep the present inhabitants in the area and make new citizens move
into the area.

However, there is also a small group of a certain kind of local associations,
who involve themselves is activities of direct impact on the development of the
local areas. Most of these activities concern the physical planning of the local
area through involvement in municipal and local plans. Some activities, on the
other hand, are related to marketing such as “Open City” arrangements, where
people are invited to visit the local area, and to the making of PR-folders infor-
mation those interested in the activities of local associations and the local business
community. In a few cases we can also see economic development activities, for
instance job creation, or arranging a concert.

It is not only local associations, however, that become involved in the
development of the local areas. Another important “player” is, for want of a
better term, the private forces operating independently of associations. Contri-
butions offered by private people are very often economic development activi-

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ties, for instance the formation of a private limited company or house building, which has a direct impact on the development of the local areas. Also via various committees and work groups operating independently of associations both indirect development in the form of social activities, and direct development in the form of marketing and spatial planning are created.

So most of the local associations do not actively take part in direct development, and this is so predominantly because of a lack of time. As such, their readiness to participate in future development is very limited. The potential of the local associations are often not initiated until the local area is put on the defensive for some reason.

Discussion

There is not doubt that the local associations in the municipality of Helle have a big impact on each local area individually, as well as on the municipality as a whole. The question is, however, whether this impact is of any relevance as regards further development. One of the ways of examining this question is to compare the theoretical approaches, which have inspired us to make this study, with the results of the study. Is there any indication that the factors described in the theories are in fact present in the local associations? If the factors exist, the theoretical conditions for a development of the local area are present.

The impact of “place” and of the “local feeling of belonging” as elements of identity creation

Within this theoretical angle of approach the place ideology of Ulla Herlitz is applied. Herlitz notes that people engage in the work of the associations when the matter concerns their own local area. Considering our results this is also the case among representatives of the local associations in the municipality of Helle. One of the incentives for participating in the work of an association is if its activities are directed towards the betterment of the local community. So the attachment to the parish is of considerable impact, when members of the committees choose to undertake voluntary work, and the inclination to contribute is reduced, when the geographical aspect of the work is increased. So it is a fact that peoples’ place bound identity leads to participation in local associations. This connection is reflected in the fact that most local associations in the study direct their work towards the local community. For citizen- and parish based associations and trade and industry associations the significance of place ideology becomes very clear through the objects clause in the regulations of the association, as its “policy based on place” purpose aims at developing the local area.

There is no doubt that place bound identity is a widespread phenomenon in the municipality of Helle. The high number of associations, and therefore the high
number of committee members in the municipality indicates that many people are involved in local associations. The fact that most committee members have “only” one post gives considerable broadness to the participation.

According to Herlitz co-operation among the local people leads to a “we-spirit” and to a common identity in the local area. It is not possible to say from the results of this study if participation in local associations leads to place bound identity. It is very likely, though, that the original involvement in a small part of the activities of local associations leads to larger interest in, and awareness of, the local community as a whole.

The other theoretical contribution here deals with counter-urbanization as described by Terry Marsden and Jonathan Murdoch. Marsden and Murdoch state that middle class, well-to-do families, engaged in active employment, move into the country, after which they try to prevent further development in the area. If this theory applies for this study, local associations are also used for protecting the existing community against further development. The results of our study cannot confirm that the local associations serve as mouthpieces for development resistance. People are more likely to say that newcomers are very welcome in the local area, so that neither village houses nor farms are left empty. Locally, efforts are made to establish large lots of land, which to some extent must be interpreted as a desire to attract well-to-do families. So newcomers are more than welcome, which probably means that they do not cause any serious problems. One of the signs of this is the significant representation of newcomers in the committees of the local associations, and that they therefore participate on equal terms with local people in the organizational work of the local associations. The problem with newcomers arises if they do not want to participate in local associations, as this is not popular with the locals. This passivity does not mean however that newcomers oppose the ongoing development of the local area. One of the parishes does however refer to newcomers as being opposed to development. Because the parish lies close to the city of Esbjerg the newcomers cover their requirements here and therefore do not want the parish to develop. This reluctance does not mean that they are opposed to the development measures taken, but only that they do not back development activities up.

The impact of (local) networks

We must also look again at Robert D. Putnam’s social capital theory in this context. Putnam says that an important prerequisite for growth in a local area is the presence of social capital, which can be described as the relations between people and the trust built for instance through participation in local associations. We do not know if they have trust in each other in the municipality of Helle, but we assume they have. At least there is nothing in the study to indicate that there is any kind of mistrust among the representatives of the local associations. This is
supported by the fact that the social aspects of associations provide incentives for many to enter into this kind of work. Irrespective of this, the basis for trust is present due to the high number of associations, the many committee members and the high number of members. So in the municipality of Helle there are many possibilities for people involved in local associations to meet some way or the other. As such, the local associations can form the forum where people meet at various levels and most likely build up trust in each other. Thus Putnam’s contribution suggests that all associations, including those with cultural, social, sporting and religious weighting can have an influence on the development of an area, if only there is trust present.

The second contribution within this theoretical approach comes from Reidar Almås, who has described what he calls the necessary triangle. Almås says that co-operation between local, external and public players are necessary to achieve local development. At the same time this co-operation takes place in a process with first, the organization of local resources, then an external stimulus, and finally, public support. The results of the study enable us to comment on the co-operation among the various players, but we cannot say anything about the process of work. The players we focus on in relation to co-operation are:

- Local associations as the local player.
- The business community as the external player.
- The municipal authorities as the public player.

Many associations have said that they co-operate with other players. So this fulfils the first prerequisite in the necessary triangle. In the municipality of Helle there is often co-operation between the local associations and local government. Such co-operation is mostly related to physical planning in the local area in connection with municipal and local plans. There is also some co-operation between local associations and the business community, but here it is often a question of sponsorships. There are, however, a few examples of development activities being initiated by associations and the business community in co-operation, mostly as regards marketing activities.

Situations where all players join in the common aim of the future development of the local areas are scarce, the only example being the Helle Tourist Trade and Industry Association. This association is quite unique in its construction, as the local associations, the business community and local government were invited to participate in the work of the association, and thus to promote tourism and the business community in the municipality. So based on the study we can say that the conditions of the necessary triangle concerning co-operation between local, external and public players are not fulfilled in the municipality with the players we chose to use in the analysis. However, the prerequisites are present as co-operation between the players does take place, and therefore the
superior link between the three players should be within reach. Helle Tourist Trade and Industry Association took the first tiny step, and it may then be here that the initiative towards the more all-encompassing and progressive work to develop the municipality will be taken.

The third contribution within this theoretical approach comes from Bengt Johanisson. Johanisson maintains that the prerequisite for local development and growth is that an interaction and a coupling between the local (horizontal) networks and the economic (vertical) networks take place, with the local ‘place bound’ networks being represented by the local associations in the municipality of Helle. The question is: is there a coupling between these networks and the economic networks? In our study the business community and the self-employed are regarded as representatives of the economic networks. As previously mentioned, the cooperation between local associations on the one hand and the business community on the other is not very close. Although cooperation rarely concerns local development, a contact has however now been established between the two kinds of networks. The starting point for a coupling here is better when we look at the self-employed as individuals. The results of the study show that the self-employed are over-represented in the committees seen in relation to the total workforce in the municipality. We do not know why this is the case, but it is a fact that through the presence of the self-employed in the committees, the business community is represented as the economic player. They have made it clear, however, that they act as private persons and therefore do not represent the business community as such. Notwithstanding this, contact between the two types of networks is present, and because the self-employed are over-represented, the prerequisite for local development is very much present in the municipality of Helle.

The last contribution within this theoretical approach is the notion of “institutional thickness”, described by Ash Amin and Nigel Thrift. Amin and Thrift show how local institutional thickness decides whether or not the local community has the ability to ensure economic growth. Institutional thickness means many institutions, interaction between the institutions, coalition patterns between the institutions and a common agenda. The question is, whether the local associations act as a part of the institutional thickness of the business community, or whether the local associations themselves form a separate layer of institutional thickness?

Based on the focus of the study it is not possible to tell if the business community in Helle constitute a layer of “institutional thickness”. Apart from

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7 This distinction between the local associations as belonging to horizontal networks and the trades and industries and self-employed as belonging to vertical networks is very stylistic. In reality local associations can very well belong to a vertical network as well as the self-employed to a horizontal network.
this lack of knowledge there is only one local association, which can be said to be a part of the institutional thickness aimed at the business community and this is the Helle Tourist Trade and Industry Association previously mentioned. In this association the citizen- and parish associations are invited to join the meetings when the business community and local government make the strategy for the future development of the municipality. So we can establish the fact that at present there is no natural connection between local associations and the business community and thus also no common effort to develop the individual local areas.

But if we regard the local associations as constituting a sort of institutional thickness, some of the prerequisites are present. The number of associations and committee members alone show that there are many “institutions”. Add to this the fact that most of the committee members are members of only one committee, many people are involved in the committee work and therefore also in the human network spread widely across the municipality. Interaction takes place because most of the local associations co-operate with others. Based on a few examples of firm co-operation partners and jointly arranging recurrent events we can see that within local associations there are also coalition patterns and common agendas. These coalitions and agendas, however, are not representative of local associations in the specific local area, and therefore the requisite measure of institutional thickness is not present. There is some anecdotal evidence though that some of the local associations instead act as the representatives of the business community for instance when they involve themselves in the marketing of the local area, both related to settlement and to the health of the local business community by arranging money-making activities such as concerts, and employing people to take care of the obligations of the association. So the conditions for the emergence of institutional thickness in local associations are present, but whether or not it is possible to establish a common agenda for local development among the local associations it is not yet possible to say.

Based on the comparison of theories and results it is clear that place ideology is the only theory to impact significantly in the municipality of Helle. Concerning the network related theories it is obvious that the basis for local development to be initiated is very much present but that the last pieces of the jigsaw are still missing. So within the local associations there is significant potential for increasing the contribution to future development.

There are probably many reasons why this potential is not currently exploited. In the first place, most of the local associations are probably not aware of their actual ability to play an active role in the future development of their local area. If however they were told how to act to participate in the development of their local area it may even be the case that they would act little differently. Many people representing local associations have said that they are satisfied with the
role that their local associations already have, and that they do not really see it as their task to ensure local development beyond what they already do.

Not all of them however think like this, as some have said that they would very much like to take part in the development of their local area. There are, however, some barriers in relation to this further engagement. To initiate and maintain a development process takes individuals who have leadership potential and can thus undertake the roles of entrepreneur and of project co-ordinator. It is here that time becomes a significant problem. Members of the local associations are willing to undertake extra tasks, but they do not have the time to do so. Other barriers are of a more structural kind such as the prevailing legislation in many areas makes it difficult for the local associations to involve themselves in development activities beyond their normal frame of reference.

Although local associations in the municipality of Helle do not completely “comply with” the prerequisites of the theories discussed above, a minor quantity of them are involved in activities that can be regarded as direct development activities, as was previously mentioned. What might trigger the potential among the rest of the local associations is if the local areas were exposed to serious decline, for instance the closing of a school, which would have a significant impact on the inhabitants of the area. The question is then whether they will solve this task in the same way as present or whether the local associations will go the whole hog and follow the direction that the theories tell us lead to local development.

Most likely it is basically “the general condition of the municipality” that will determine the actual impact of the local associations. If a society experiences a crisis, active associations in connection with indirect and especially direct development activities can prove vital to the survival of the municipality. As the municipality of Helle cannot be characterized as a society in financial crisis, the answer must automatically be that the local associations do not at present play a decisive role in the well being of the municipality. On the other hand the efforts made by the local associations should by no means be ignored. Today, the local associations in Helle have so many different functions that the tax burden would have to be raised even if only a part of these functions were to be taken over by the local authorities. Therefore, the local associations are of significant importance to the municipality.

Finally, considerations should be made as to whether it is fair to expect or merely just to hope for active participation by the local associations in the development of the local community in the future, (including the business community), when the prevailing attitude politically is to concentrate on settlement as the development strategy. On the other hand some may say that this is exactly why one must trust in the efforts made by local associations.

On the basis of this discussion the answer to our question must be:
Conclusion

The impact of local associations and networks both today and in the foreseeable future seems most of all to be indirect, so local associations and networks as they are known today must be regarded as a necessary and indispensable but also insufficient factor in the development of the local community, including the local business community.

References

The social economy – a lever for local economic development?

Ann-Mari Sätre Åhlander

Introduction

In Sweden, regional policy has been closely inter-connected with labour market policy, the goal of which has been to combat unemployment and promote human resource development. Increasing difficulties in pursuing effective national economic policies in the context of globalisation and membership of the European Union have however, contributed to a significant revision of this policy. The focus on local economic development has increased, while centrally directed regional measures have declined in importance. We have thus moved, to some extent, from a sector economy with a regional policy built around subsidies and support, to a business development policy in a wider perspective. The attention now paid to local strategies for development implies that the ‘bottom up’ perspective should now increasingly gain in importance at the expense of “top down” approaches. Since Sweden became a member of the European Union, interest in the social economy among policy makers has increased. A working group at the ministerial level has prepared some changes that would allow for the implementation of new approaches in this field. It is believed that the social economy can create jobs (Kulturdepartementet 1999). Research, however, indicates that although in the 1990s the number of cooperatives and local development groups increased, this is not the case if one looks at the number of jobs actually created within these organisations. Nevertheless, many examples show that they have contributed to the creation or saving of jobs as well as to economic development in an indirect way. The intention here is, with the help of economic theory, to analyse when and how the social economy can provide a lever to local economic development.

The transformation of the Swedish welfare state

In Sweden, between the late 1950s and the early 1980s, the public sector gradually became larger and larger until it finally faced a situation where it was difficult to expand further for efficiency reasons. In times of recession public expenditure was used to create employment thus moving unemployed labour from the private to the public sector. One problem with this was that when business booms occurred there was no opposite flow. Labour did not flow back from
the public to the private sector to the same extent. The financial crisis of the early 1990s contributed to an increase in demand for structural change and the downsizing of the public sector. These cut-backs also suggested that the flexibility with respect to the services provided by the public sector were diminishing. In any case, the multiplier effect of public expenditure was acknowledged as less than it used to be. This also implied that it was increasingly difficult to find general “rules” for macro-economic policy.

National regulation of the labour market and a generous social policy contributed to increases in the level of welfare for citizens over many years. As in other Nordic countries, the labour market was seen as an integral part of wider economic and education policy, as well as of the welfare state. Deregulation of the national labour market has, however, changed the situation in some respects. The fusion of welfare and work is closely related to the, by international standards, high female participation rates in the labour market. The high rate of employment among women is a characteristic of the Swedish welfare system, although men and women still work in different segments of the labour market. The high share of female employees in the welfare service sector provides one such example.

The new labour market policies emphasise the creation of jobs in small and medium sized enterprises and within the service sector. The government is also committed to job-creation by supporting micro-firms and new co-operatives (Kulturdepartementet 1999). In line with this policy, in 1997, in order to increase awareness and knowledge of new co-operatives as a complement to other legal forms of enterprise, a national information campaign – “Start a business together” – was initiated. The most recent employment programme also encourages individual entrepreneurship and local initiatives. In Sweden the state, and in particular the municipalities have played a central role in providing social services, but in recent years due to financial problems here private alternatives have become more common.

Even though the situation on the Swedish labour market had improved by the end of the decade, the 1990s were marked by unemployment. According to an official investigation (SOU 2000:87), three factors were considered to be of major importance for the development of the labour market, technical developments, internationalisation and the demographics. Although the first two create new possibilities for employment they also imply that weak groups will face increasing difficulty in the labour market. This implies the risk of a growing gap between the supply and demand of labour. These structural changes imply at least two kinds of developments that reinforce the need for collective solutions based on individual needs. Firstly, the increasing number of people facing problems in gaining a position on the labour market calls for measures of integration, where social co-operatives provides one alternative. In rural areas
village co-operatives might be appropriate, especially if combined with co-operatives of micro-firms and services. Secondly, the demographic situation, in particular relating to the emergence of an ageing population, is likely to imply a shortage of labour in some sectors. The increasing number of pensioners puts growing pressure on the public sector and accentuates the need for other solutions where the co-operative is again one possibility. The structural changes in society and the cut-backs in welfare state provision are reflected in the fact that between 1993 and 1999 the number of employees increased in economic associations by 147 per cent within health and medical care (Höckertin 2001).

One could describe the situation as a failure of the traditional institutions or as a need for re-thinking when there are cut backs in employment in both the private and the public sector in most regions except for the big cities (Rifkin 1995). The new European approach based on local strategies places significant emphasis on non-market interdependence. This interdependence exists, or can be created, between individuals and organisations, between firms in the same sector or between firms and their environment. In this process of change social capital becomes increasingly important, that is, it is not only physical assets and individual capacity that are important, but also social, informal networks of various kinds (Putnam 1993). With membership of the European Union, the centralist regional policy has been exchanged by a regional policy based on local strategies for development, and this will have a significant impact in Sweden. Gradually this is changing the expectations of regional economic policy as well. Rather than “sitting and waiting” for the authorities to come up with solutions such as moving work places from the centre to towns in rural areas, job creation demands and now relies upon participation at the local level.

Research from Sweden indicates that firms who locate in a region have problems if they do not have good relations with other actors in the particular region (Berggren et.al 1998). This suggests that a positive relation exists between the regional attachment of firms and regional development. In effect this highlights the importance of social capital for regional development based on local policies. It also highlights the need for economic policies focused on the development of local partnerships. In particular, it shows that it might be difficult to influence local development by means of subsidies to firms who set up businesses in rural areas. These examples also show, however, that the existence of social capital might actually prevent the development of businesses that

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1 In Sweden there is no special law regulating the activities of co-operatives or non-profit associations, but there is a law for economic associations. An economic association can, however, in practice be seen as a co-operative, although not all co-operatives are economic associations.

2 Social capital is by Putnam defined according to the features of social life, it is the networks, norms, and trust that enable participants to act together more effectively to pursue shared objectives (Putnam 1995, pp. 664-5).
operate on the global market, which are capable of adapting to changes in the macro-economic sphere at the national or international level. As the environment changes and asks for new solutions productive social capital may become non-productive if norms, values and knowledge of previous years dominate. In such an environment newcomers and entrepreneurs may have difficulty in developing entrepreneurial activity and thus essentially in surviving. Some prosperous industrial regions, for example, have been unable to change as society itself changes. The regions that are able to transform according to the new demands of a changing economy would be able to succeed in the future. In effect, this might imply that prosperous regions differ, depending on the current ability to use and create productive social capital.

What is the role of the social economy?

Although the notion of the “social economy” is widespread in France, Spain and Belgium, it has also emerged in other countries. Its potential is often discussed in general terms however, contributing to a broad scepticism towards its inherent possibilities, while there is often a focus on how this sector can be strengthened - as if its expansion is a goal in itself. But in order to choose between different strategies for economic policy it is important to identify what role the social economy can actually play in the development of society. There are many different interests in the social economy. In southern Europe, where the public sector is weak, various social activities are built up within the framework of cooperatives. Rather than taking responsibility to satisfy needs for welfare services on a personal basis by voluntary non-paid work, activity is organised in cooperatives and transferred to paid work. A change in the role of cooperatives from the workers co-operatives that were formed to secure employment on the basis of professional skills and towards geographical proximity can now be noted (Demostier 2000). In effect this means a move from struggles between classes or professions towards competition between regions. The latter explains the increased focus on local development, the main factor uniting people being the wish to live in a certain region.

New strategies based on local initiatives however require that horizontally organised institutions replace traditional hierarchies. The kind of co-operation labelled partnership is increasingly used by policy makers as a way of involving policy users in the formation and implementation of policy at the local level. Cooperation between the public sector, private actors and the social economy thus provides an alternative to privatisation when activities that have been built up by public means need to be cut back or sold off to private actors for financial reasons. There are various theories on the social economy and on how its
development is related to the size of the public sector. Most of these theories seem to assume that the social economy is a substitute for the public sector.

In Sweden, the social economy may have a role to play in taking over activities from the public sector, especially if they are of no commercial interest to the private sector. While the health care cooperatives for elderly care may provide models for how to transfer activities from the public sector to the cooperative sector or the social economy, the social co-operatives provide models of how to transfer people who are for various reasons outside the labour market into positions of paid work within the social economy. It is then possible that co-operatives of micro-firms and village co-operatives can also provide models for local economic development in a more direct way. In the following, in order to highlight the changing nature of organisations within the social economy this is understood as the “third system” rather than the ‘third sector’ thus reflecting the internal movement from or towards the social economy. These movements are closely linked to the economic, political or social environment at a given time, which obliges or allows the organisations to adopt a specific form of behaviour. By relating – in terms of economic systems rather than economic sectors – the way of functioning is emphasised rather than the organisations as such. This allows us to focus on the dynamics at work inside existing enterprises, as they move away from, or towards, the sphere of the social economy. The work of local development groups and cooperatives has generated jobs in the private sector (Forsberg 2001, Höckertin 2001). Such movements may be the result of an internal development. Alternatively, they may also be the result of external development, from the sale or purchase of economic units. Such developments may also be a matter of transformation from the informal to formal, from state to market, non-paid work to paid work, from out of work to self-employed, from agriculture or industry to a service economy.

The social economy – a substitute or complement to the public and private sectors?

Salamon and Anheier (1998) review and analyse five economic theories aimed at explaining patterns of non-profit development with the help of empirical data from eight different countries. The five theories are (i) government failure/market failure theory; (ii) trust theories; (iii) welfare state theory; (iv) supply side theory and (v) interdependence theory. In the following an attempt is made to highlight in what respects these theories are relevant in explaining local economic develop-

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4 See further Sätre Åhlander (2001b), section 3 for a more thorough analysis.
ment. We notice that the focus in Salamon and Anheier (1998) is on the non-profit sector. The definition of this concept in many ways resembles the criteria used in Vivet and Thiry (2000) to describe the social economy. One important difference, however, is that the user perspective is lacking in the definition of the non-profit sector. Another aspect is that while social economy enterprises are perceived as enterprises that take economic risks and need to make profits, non-profit organisations are presumed not to run entrepreneurial activities. In practice, however, there seems to be no clear borderline between the two. While the non-profit concept is generally used in the Anglo-Saxon framework, the social economy concept has gained recognition in the European context.

**Demand side theories**

The starting point for the government failure/market failure theory is the inherent limitation in the market’s inability to supply public goods. According to this theory, public supply tends to reflect the preferences of the median voter, and unsatisfied demand will therefore persist. Hence, such failure is most likely, the more heterogeneous the population. The more homogenous the population, the smaller the social economy. In sparsely populated areas population is spread out and it is harder to provide services such as schools, child care, elderly care, health care within the framework of the public sector, implying that the social economy would be relatively larger in rural areas than in more densely populated areas. In this respect social economy solutions that provide the social services required to enable people to stay in rural areas indirectly provide levers for local economic development. The theory thus sees the social economy as a substitute to the public and private sectors.

While the heterogeneity argument highlights the possible need for the social economy as a substitute for the public sector, it contributes less to the understanding of why the social economy might provide an alternative to the private sector. A second line of theoretical analysis finds the source of social economy activities in the failure of contracts. According to this theory, the scale of the social economy would vary inversely with the level of trust in the business sector in the economy. The greater the level of trust in the private sector, the more confident people will be to secure the services they need at the market and therefore the less they need to find solutions in the social economy. Because the

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5 According to CIRIEC, the generally accepted criteria for describing the social economy are (a) the object of providing a service to members (common or mutual interest) or the community (general interest), (b) the primacy of people over capital, (c) democratic functioning and (d) a management system which is independent of the public authorities (Vivet and Thiry 2000, p. 11).

6 Swedish empirical data supports this assumption. The number of cooperatives in relation to the population is higher in rural regions such as Jämtland, Gotland and Värmland (Höckertin 2001, pp. 101 and 106). The same applies to local development groups (Forsberg 2001).
services secured through the social economy sector according to this theory would likely be purchased from the business sector if sufficient trust were present, it follows that the financing of these services through the social economy is likely to take a more commercial form as well.\(^7\) This suggests that the trust would be associated with a social economy sector able to secure a larger share of its income from fees and service charges. Entrepreneurs within the framework of the social economy carry out entrepreneurial activities such as running food stores filling up an empty space due to the lack of a viable private sector. The aim would thus be to collaborate to secure some sort of supply that would not be provided otherwise. The cost of production is kept down by non-paid work.\(^8\) The theory thus supports the hypothesis that the social economy is likely to develop in rural areas, or any area where the private sector is weak and it treats the social economy as a substitute for the private sector.

The welfare state theory assumes that the market and the state develop hand in hand. In this line of thinking the expansion of the state is a by-product of economic development. According to the welfare state theory, the higher the level of income \textit{per capita}, the smaller the social economy sector in a country. According to this line of thought, the cut backs in the public sector in Sweden could be seen as a response to the fact that the public sector was allowed to grow too large relative to the expansion of the private sector. There may, according to this line of thought, be a relationship between the weak economic development in Sweden in the 1990s and the growing number of cooperatives and local development groups that emerged during the same time period.\(^9\) As the economy goes down and as the public sector provision is also cut back for economic reasons, the social economy expands to compensate for this. The social economy would thus have a stabilising function, reducing through various activities the effect of downward trends in the economy. If this hypothesis is transposed into a regional framework, the social economy would be relatively smaller in richer than in poorer regions. This theory also supports the assumption that the social economy would be relatively more likely to develop in sparsely populated regions. According to this theory the social economy is a substitute for both the private and the public sectors. To sum up, all three theories provide demand initiated developments of the social economy where there is some sort of empty space or need for goods or services that otherwise would not be met.

\(^7\) Salamon and Anheier (1998), p 223.
\(^8\) There are relatively more cooperatives that run shops, cafés and tourism activities in rural areas due to difficulties to survive under ordinary market conditions.
\(^9\) In Sweden, the number of economic associations has increased by 18 per cent between 1991 and 1999 (Höckertin 2001). The number of registered local development groups increased from around 3,500 in 1997 to 4,000 in 2001, that is by 14 per cent (Forsberg 2001).
Supply side theory

Supply-side theories focus on the necessary presence of social entrepreneurs, the harder the competition between entrepreneurs is, perhaps driven by ideological (or i.e. religious factors), the larger the social economy will be.\(^{10}\) It is not enough that the private and public sectors are weak; someone has also to do something about it. The theory can possibly contribute to explaining variations in local economic development and, for example highlight why some places flourish while others with seemingly similar potentials die, that is, where inside regions, local development groups and co-operatives develop, why one particular school survives while another is closed down etc. The theory highlights the actor’s importance for local development, both with respect to the entrepreneur as an individual in addition to what this person actually does (what strategy, what tools the person has access to etc.) as well as in what environment entrepreneurship is best developed.

Interdependence theory

Salamon and Anheier (1998) find that all of the above mentioned theories, that focus on either demand or supply take as a given that the relationship between the social economy and the state is one of conflict and competition. Such a perception seems to be more relevant in the Anglo-American context however, where non-profit associations gradually developed a collective identity partly in opposition to the state, than in Sweden where associations did not share a common self-understanding as constituting a sector of its own.\(^{11}\) An alternative approach, which seems to be more relevant in the Swedish context, is then to see it as a matter of neglect. Neither the state, nor the private sector consider the social economy to be a potential partner, but rather the social economy is either seen as a substitute, or it is completely neglected. Salamon and Anheier develop their own theory based on the assumption that the non-profit sector and the state are dependent on each other. They argue that non-profit organisations are often active in a field before government can be mobilised to respond. They would therefore be likely to develop expertise, structures and experience that governments can make use of. In addition, they would be good at mobilising state support for their activities.\(^{12}\) “Voluntary failure” would however, constrain the ability of non-profit organisations to respond to public problems. According to

\(^{10}\) Salamon and Anheier (1998), p 222.
\(^{11}\) See further Boli (1991) and Wijkström & Lundström (2002).
\(^{12}\) Although the theory focuses on how state responsibility for welfare grew partly due to initiatives by non-profit associations in the past, it also highlights how the relationship between the social economy and the public sector is characterised by interdependence and partnership when the public sector is cut back which is presently the case in a general context in Sweden.
this theory, the greater the government’s social welfare spending, the larger the non-profit sector and, the greater the government’s social welfare spending, the higher the government share of non-profit health and social service sub-sector income. This kind of reasoning seems relevant for Sweden as long as there is an expressed aim to maintain general access to certain welfare services, such as child care, elderly care and health care, for ideological reasons although the economy is not strong enough. Close cooperative relationships can be forged between the social economy and the state in addressing public issues. One possible problem, however, is that the borderline between participation and bureaucratisation is not always clear. Public measures to support local initiatives might involve two sorts of risks. There is a risk that the particular support that the public sector provides is cut down in the case of financial deficits. Second, there is a danger of the bureaucratisation of local work, implying that people loose the feeling of being responsible for what they have actually created themselves (see further Almås, 1995).

Interdependence theory can explain when the social economy can work as a complement to the public sector, and Salamon and Anheier (1998) specify the circumstances under which such a mutual relationship is likely to emerge. This does not however explain how and when the social economy can work as a complement to the private sector, which is of interest here as a focus is on local economic development. To sum up, both demand and supply side theories highlight how social economy activities start as substitutes for the public or private sector. As these activities have gradually gained support from the public sector they have become compliments in rural areas in recent years. The state responsibility for welfare in some fields grew partly due to the initiatives of non-profit organisations. Local development groups have acted as pioneers by making problems visible and initiating institutional arrangements that were taken over by the public sector. In rural areas, local forces have also initiated the formation of cooperatives for social services such as childcare and elderly care with support from the authorities.

Social capital and local economic development

The focus in the present article is on when the social economy can provide a lever to local economic development. The common goal is important in the effort of combining different solutions, where the best in the functioning of the different sectors is utilised. Both the market and bureaucracy are institutional forms, which eliminate direct interaction among human beings. On the contrary, it is the mutuality or close connection between producers and users that is the critical factor for activities carried out in the social economy. In the social economy it is the lack of a direct relation between the service provider and the end user that
inhibits production. In effect this means that there is a human constraint and that it is the lack of social capital that puts a limit on development. 13 It is the coordination of demand and supply that put a limit on production, that is the lack of channels and/or meeting points that make demand and supply to not meet. This gives the activity a strong territorial characteristic as well as a high propensity to create activities at the local level.

According to this theoretical approach, it is the combination of two factors that promote local economic development; that economic decisions are taken at the local level by those who are concerned and secondly, the relatively strong emphasis on social capital in the form of reciprocal social networks between individuals, organisations, firms and society as a whole. Actors at the local level would thus, it can be argued, together with municipalities actually be able to create social capital. This means that it is only if municipalities perceive that local initiatives can provide a complement to the private sector and thus support these that they actually become a complement and can strengthen a community’s possibility to compete. According to this analysis economic development is promoted by an increased amount of social capital. While Putnam (1993) highlights how social capital is created by processes at the local level, others connect the creation of social capital to trust in the authorities. 14 Applied to the Swedish context, the increased amount of new co-operatives and local development groups that emerged in the 1990s implies economic development based on the creation of new firms, what is called a new form of network-based capitalism. 15

This method of expansion favours reliance on local resources and local networking and it refers to a process that effects and reshapes old patterns. It explains local economic development as a result of citizen mobilisation. But local economic development is also the result of a state enacted policy to meet

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13 It was the Hungarian economist Janos Kornai who initially introduced the idea that the functioning of the economic system would depend on the constraint hit most often by the production of the enterprise. While in capitalist economies this is the demand constraint, Kornai observes that in the traditional socialist economy (the centrally planned economy/ an economy where resources are allocated by bureaucracies), it is usually the supply constraint that is binding. In a supply constrained economy a lack of inputs will begin to limit production before the demand for the products of the enterprise has been exhausted. This refers to a market situation where buyers are looking for sellers, while the latter rarely experience any difficulty in selling what they can produce. It is the physical resources, the physical constraint that restricts further development. Consequently in the capitalist market economy it is the demand constraint that is binding. The corresponding market situation would be characterised by sellers looking for buyers, where buyers usually can buy what they want given their available monetary resources. In this case it is the capital in the form of budgetary resources that puts a limit to development.

14 See, for example Rotstein (2000). In the present context trust in authorities is not just a matter of a general trust in the working of institutions but also a belief that authorities will actually provide social and financial support to local economic development.

15 See Deborny (ed)(1999) for a more thorough analysis of social enterprises.
new challenges. It may then be argued that the change in macro-economic policy towards increasing emphasis on local strategies, implying decentralisation and privatisation, has opened up the possibility of citizen mobilisation and participation in new forms of service provision by organisations that are partly financed by public subsidies, that rely partly on the market and partly on voluntary resources and that are controlled by the main stakeholders themselves, i.e. the users.

Village and micro-firm cooperatives

There are examples of local development processes in rural areas around village and micro-firm cooperatives. One such example of how a cooperative started a local development process is that of the community based co-operative “Byssbon”, owned by the inhabitants of the three villages Ollsta, Fagerland and Högarna.\(^\text{16}\) The members of the village co-operative all want to be able to remain in the village. The inhabitants of the village formed the village co-operative to satisfy common needs such as maintaining the village shop, keeping the school, organising child care, building new houses to enable people to move into the village, some of which are “returnees”. In some respects the village co-operative has taken over community tasks normally taken care of within the public sector, but they have also organised new market-based activities. For instance, as the village co-operative entered new areas, this has implied that some smaller cooperatives have been started in the village as well, one example of which is a “data cottage”. The Tele Cottage in Högarna has become an independent business enterprise, which in 2002 consisted of four partners. The good and bad experiences of the village co-operative are documented and spread via the Internet to other villages in Sweden.

A second example from Jämtland is the Huså village community founded in 1993. Thirteen different organisations have been started around this village co-operative, connected to, for example, a theatre project, the mansion, childcare, local tourism (ski lift and a restaurant), the restoration of an old ship and alternative housing for young people. A third example of a village co-operative is “Tullingsås”, situated 95 kilometres north of Östersund. The motives behind this co-operative are to enable people to support themselves in the area by creating job opportunities in social services as well as promoting small-scale enterprise. It runs a hostel, a café and some recreational activities, and it owns apartments for the elderly. The co-operative, which began in 1994, had 65 members only a few years later, as well as three employees.

In rural areas there are also examples of how new micro-firms have been created as a result of the work of local development groups. In some of these

\(^{16}\) See Westerdahl (2001) for a thorough description and analysis of the development of this particular village cooperative.
cases individual entrepreneurs collaborate within the framework of a cooperative. One such co-operative of micro-firms, “Drivknuten”, which in 1996, when it started, consisted of six small firms with one or in some cases, two persons in each. By forming a co-operative the individual firms can buy certain services together, they can collaborate in order to strengthen their individual firms, find solutions to common needs and prevent each other from being isolated. This particular cooperative, which was formed in a village some 110 kilometres north of the sole town in Jämtland, has probably stimulated some other potential small businesses that would not have started without this cooperative taking the initial step. By 2001 this co-operative had grown to twelve firms that together employed more than 60 persons. The businesses are all different, producing goods or services of various kinds, for instance in trade, handicraft, farming, multimedia, the mechanical industry and commercial services. One thing that they all have in common is that they all want to support themselves in order to be able to stay in the rural area. For instance, they share the overhead costs of office and work places, accounting, computer services, telephones, advertisement and education.

Similar patterns of development can be seen in other villages. The information co-operative “Agendum” which was formed in the early 1990s consisted of four women with complementary skills, while at the same time they had their own profiles. “Agendum” has shown that these women can combine interesting jobs with a life in a rural area near their families. Access to modern technology implies that although situated far away from the centre of happenings more than 1,000 kilometres from the southern border of Sweden, one of their specialities is engagement in various types of EU projects. The childcare centre “Bergstrollet” in the same area is an example of how one co-operative has enabled its members to practice at entrepreneurship in order then to start other co-operatives. The village has been reborn, as a cafe, some tourist activities and an informal cooking team have all been started.17

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17 There are also many examples in different parts of Sweden in rural areas as well as in cities, of how individuals within the same branch or within the same profession form a co-operative for professional and/or for economic reasons. One example is the pottery ceramics “Drejeriet keramik” an economic association which consists of seven individual entrepreneurs, where each one produces and designs her/his own products. Together they manage a shop and they share some other common expenses. “Jämtspira Getost” is an economic association with seven members, all individual cheese producers. They share an organisation for sales and a cheese stock. “Hjärnkontoret” (“the brain office”) consists of nine independent entrepreneurs with various activities who share an office and the cost for some services. “Gaupa” is a co-operative of seven partners within handicraft. They share the responsibility, economy and work around a common shop. “Åse mediakooperativ” provides an additional example of how single entrepreneurs within the same branch collaborate within a collective framework. “SIBCO” is an economic association in Växjö in southern Sweden where all members are persons with their own consulting businesses. They all have a foreign background and their businesses are directed towards creating business relations between
Three types of interrelationships where economic activities and social links are intertwined in development processes can thus be distinguished. Firstly, voluntary work might lead to economic activities. Secondly, economic activities are developed within the framework of social links, such as in the case of the village co-operative. Thirdly, economic activities create social links. Restaurants, special services to people create social links that may lead to other activities. A common feature in the examples given above is that it is possible to distinguish a pattern of job creation and local economic development where people come together to satisfy local needs or to create local activities. Members of local development groups become unpaid workers and this unpaid work can result in employment opportunities for them and/or for others as economic activities are created. It is possible to find many examples of similar development processes.  

The question is, however, to what extent such examples reflect a general trend? Empirical data indicates that in order to achieve more than temporary effects, there are at least three factors that are important in local development work. Social and/or financial support from the authorities is needed. Non-paid work has to be transferred into paid work. In addition, for local economic development to actually take place, some commercial activities have to be present.

Available empirical evidence indicates, to some extent, a move towards the fulfilment of two of these conditions. Firstly, local groups do get support from the local authorities at municipality level and the flow of EU structural funds has seen money go to local projects. Secondly, while “voluntary work” in relation to “paid work” shows a minor decrease from 1995 to 1998, local development groups have created long term jobs in the private sector. Although these observations support the impression that European economic policy is actually implemented, knowledge about what has happened with EU funds on the aggregate

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Swedish firms and businesses in their home countries. They share one employee who takes care of the administration.

18 See further Lithander in this book for more examples.

19 Within the context of a project aimed at mapping developments and trends of the social economy in Sweden (published in the form of a book; Westlund (ed) 2001), Forsberg (2001) maps local development groups in Sweden. She finds that, according to the groups, job creation generally required cooperation between different actors, support from authorities and funding, clearly indicating that voluntary, non-paid work was not sufficient. Out of 155 groups in the study, a quarter claimed they used EU grants as a funding source.

20 The expressed need for paid work in Forsberg’s study shows that activities that rely on voluntary work is particularly vulnerable.

21 In line with European economic policy local groups in Forsberg’s study seem to get more support from the local authorities at municipality level than from the regional level. In 1998, 42 per cent of the funding came from the European Union (Forsberg; 2001, pp. 157-8).

22 Forsberg (2001), p. 159. On the issue of paid versus unpaid work in the social economy in the European context, see for example Domestier (2000 and 2001). See Wuthnow (ed) for country-specific analyses of voluntary work in a broader perspective. About half of long term jobs created by the groups in Forsberg’s study appeared within the private sector (Forsberg 2001, p. 163).
level and the effects of projects where social or financial funds have been available is inadequate.\textsuperscript{23} The substantial amount of EU-funds directed to small projects means that it is particularly unclear what in fact are the results and effects of what.\textsuperscript{24} It is for instance difficult to exclude that a certain project has not contributed to job creation and new firms.

The development of cooperatives in Sweden follows the trend in the European Union. Although the number of cooperatives has increased, the number of employees has decreased.\textsuperscript{25} In most rural areas the goals are to simply maintain social services and to prevent decreases in population, as emigration seems to be the general trend. It is possible that local mobilisation is most likely to take place when the situation is severe enough, in order to prevent further crisis.\textsuperscript{26} The social economy may thus have a stabilising effect and local economic development is affected indirectly if achievements such as maintaining or creating social services prevent people from moving. On occasion such achievements are transformed into the development of commercial activities and perhaps even into the development of firms who later become motors for economic development. A network based economic development is possibly more likely, which means development based on the creation of new firms.

A lever on local economic development

The problems of promoting entrepreneurship in the Swedish welfare system are also relevant in general terms. While institutional rigidities connected to the Swedish welfare model provide obstacles to development from employment to individual entrepreneurship they also impede processes from unemployment to employment. It is not uncommon that people with “safe employment” in the public sector start a small business on the side.\textsuperscript{27} But, in effect there are little real

\textsuperscript{23} It should be noted that some communities have been active before the European policies promoted such a development. See further Svensson (1998) for examples on initiatives from communities in different parts of Sweden.

\textsuperscript{24} The situation seems to be similar in Finland (see Mustakangas and Vihinen in this book). For an evaluation of the Finnish territorial employment pacts, see Katajamäki (1998).

\textsuperscript{25} This partly, however, is explained by formerly established co-operatives having changed their legal form and become stock companies. Another explanation is that the established co-operation, in line with common trends on the labour market in the 1990s, has cut down on employees. The number of employees within wholesale and retail trade has decreased with 22 per cent between 1993 and 1999. The number of firms has decreased substantially in agriculture and forestry as well as in trade. While the number of cooperatives increased by 18 per cent in 1991 to 1999, the number of employees decreased with 32 per cent in the same period. (See further Höckertin 2001).

\textsuperscript{26} In British Columbia, for example, a long ongoing economic crisis in forestry dependent communities has eliminated options of living-wage employment and put pressure on local businesses and social services (See Haythornthwaite 2002).

\textsuperscript{27} As long as you do not work more than 10 per cent, you can keep on working full time in the main employment in the public sector.
incentives to grow and employ others. If the full step towards independent entrepreneurship means giving up a stable employment situation, this also means giving up a great deal of security. As it is complicated to employ people, it is also a rather big step to go from self-employed to employ one person, a circumstance that tends to prevent flexible solutions. To employ another person when at least one person is already employed is likely to be easier as the initial step has already been taken. The big challenge, however, seems to be to go from unemployment to employment or from unemployment to running a business.

The examples presented above are from the county of Jämtland, where the number of co-operatives and local development groups in relation to the population is the largest in Sweden. Jämtland is one of the most sparsely populated areas of Sweden. The effect of a contracting public sector is particularly evident when population is low. Similarly, the co-operative seems to be especially relevant when the market is not strong enough for the private firms to grow due to insufficient demand for products and services. By focusing on a region where the private sector is weak, while at the same time the public sector is in decline quite substantially in relative terms the role of the social economy as a lever for local economic development is distinguished. Voluntary work is important in itself as it can contribute to the maintenance of villages, at least in the very short run if voluntary sources are strong enough.\(^{28}\) It seems easy to assume that a negative trend is difficult to brake. The emigration of some people implies a risk that services are subsequently cut back which like a vicious circle promotes the emigration of others. Such a perceived downward spiral in service provision linked to demographic trends can also of course prevent people from moving in, even if there are jobs.\(^{29}\) Although it seems necessary that commercial activities are present for local economic development to occur, it is not sufficient as long as the Swedish sector economy is stronger than the EU economic policy based on local development. It seems particularly unlikely that an economic policy based on local initiatives will be successful as long as national regional policy does not provide a complement to such a policy, but instead contributes to the moving out of state agencies from sparsely populated regions.

**The status of work**

It can be argued that the established institutions have prevented people outside the ordinary labour market from finding wage-earning employment and thus of the ability to support themselves. The norm governing the Swedish labour market is that individuals in the role as employees carry out paid work. The safety

\(^{28}\) Forsberg’s study indicates that unpaid work is necessary as a complement to paid work especially in order to start up processes of local development.

\(^{29}\) Some communities have faced problems of recruiting labour to new businesses in sparsely populated areas in for example Jämtland.
system is built upon this norm and “the loss of income principle”. Unemployment is in the Swedish context generally perceived of as not being employed, but the person who is not employed does not necessarily lack a job. The second form of paid work is having a business of one’s own. There is a special cost of unemployment and underemployment associated with keeping control over all the categories in the labour market statistics. A person who is paid more than one hour per week is considered employed, which means that he or she loses unemployment benefit. The same would happen to an unemployed person that starts to study, as he or she is no longer in the labour force.

The Swedish welfare model guaranteed a comprehensive safety net against unemployment until the recession of the 1990s. Since then voluntary organisations have become more important in making politicians aware of current problems in a post-industrial society. Voluntary organisations are likely to be especially important for citizens with limited resources. But although the voluntary non-profit associations have had a more than marginal role as employers in Sweden, they are not commonly viewed as having an important role in employing long-term unemployed people (Wijkström 1997). Several areas of legislation that hinder non-profit associations from employing people have also been identified (Kulturdepartementet 1999). An increased flexibility in the various security systems has also been deemed desirable. There is, however, resistance, especially in the trade unions, to such an employment policy. There is a fear that this kind of employment policy will mean the development of a new form of low-paid labour on the market.

While single entrepreneurship generally means a great deal of flexibility, this flexibility may also lead to the emergence of significant inequality. There is a risk that the benefits of flexibility would only appear in sectors where the competition for customers is not so hard. The co-operative can in principle provide the same kind of flexibility as individual firms, but perhaps some of the disadvantages of flexibility can be avoided. The co-operative would provide an alternative form of entrepreneurship for entrepreneurs who do not want the extreme flexibility of individual work. Collective forms of self-employment are in the Swedish context understood as ways of organising work where the security from collective solutions and the flexibility connected to individual entrepreneurship can be combined. In Sweden there is no special law on self-employment, the law connected to individual entrepreneurship is on the private firm. When it comes to the status of work, members of co-operatives are treated as individual entrepreneurs, and are thus subject to the same work right regulations as these. In order to be considered as unemployed and thus entitled to unemployment benefit personal participation in the co-operative has to have ended. As with the individual entrepreneur, the member of a co-operative is treated as if he or she works full time. This is one reason why it is easier to start a co-operative or an individual
firm for someone who is already employed, than to start up from a situation of unemployment. However, the hesitation associated with the prospect of actually giving up a permanent job might be difficult to combine with flexibility.

Work legislation as the balance of power is different in co-operative and non-profit organisations than in the private or public sector. It has indeed often been argued that the employer’s situation would be more difficult and that it may be very costly for employers to keep abreast of the general work legislation (Kulturdepartementet 1999). Employers in a users co-operative or non-profit organisation are not paid, they are not engaged to be employers, but have to take this responsibility on in their spare time and are perhaps not qualified for the task. The need for flexible employment forms is not compatible with the requirements of work legislation subject to, for example employment security, work environment and the participation of employees in decision-making at the work place. For instance, as the activities of co-operatives are often project-based there is usually a need for short-term employment engagements. As an employee in a co-operative or a non-profit organisation is entitled to the same general work and employment situation as employees in the public or private sectors, in order to be entitled to unemployment benefit the person has to be disposable for the labour market. In principle, the employees of a co-operative should have the same kind of relationship with the trade union as employees in the public or private sector. The salaries of teachers and nurses in childcare co-operatives are, for example, regulated so as to coincide with salaries for employees in the same profession in public child care centres. Members of co-operatives, on the other hand, would have the same kind of relations with trade unions as employers or individual entrepreneurs in general.

The management problem within co-operatives or non-profit organisations is also connected to the fact that voluntary un-paid work cannot be used and managed in the same way as paid work. This also implies to the fact that it is very difficult for authorities to implement measures that really get the “right kind” of voluntary work going, that can actually compensate for cut backs in the public sector or create new jobs for those who have difficulty in entering the ordinary labour market. In fact, any organisation relying in some way or another on voluntary work would face problems in achieving continuity, or in getting the necessary work done for similar reasons.

Is the co-operative efficient only at the start or is it sustainable? In order to find answers to such questions one should ask why the co-operative would transform into another enterprise form. There might, for example, be commercial, financial or institutional reasons for so doing. There are a large variety of experiences of collective forms of entrepreneurship in different countries that could be of interest to Sweden. Differences in general frameworks, rules and legislation however sometimes make it difficult to transfer such experiences
between countries. The social economy as a lever for local economic development in Sweden demands some adjustment of and/or new roles governing established state institutions. There is also a risk of unclear public sector commitments, which can imply management problems, and an unclear distribution of responsibility. It may thus be argued that the politico-administrative framework, tradition and culture are not adjusted to the work forms of the social economy.

Conclusions

From a macro-economic perspective the focus on the dynamic process enables us to analyse how society is changing and what role the social economy may have in this process of change. Demand and supply side theories see the cooperative as a substitute for the public or private sectors. These theories all contribute to explaining why cooperatives or local development groups start, and why they seem to be more common in rural areas. If at an early stage the cooperative is treated as a complement to the public sector the situation is likely to become sustainable if their activities (for example welfare services) are financed by public funds. This is generally the case if they are performed on contract with public authorities.

Village and micro-firm co-operatives can contribute to economic development if they help individual entrepreneurs to get businesses started as well as being able to facilitate the survival of the already existing businesses. Perhaps arbitrary circumstances can start a local development process. In the longer perspective however such factors cannot keep the process going. Some kind of cooperation with other actors (public and/or private) seems to be needed for village co-operatives or any local development group to be able to create or maintain economic activities. In many respects however the approach that seeks to solve the problems of previous ineffectual economic policies by simply “hoping” for initiatives at the local level seems to be “too optimistic”, especially if this relies on un-paid work. The expressed importance of specific individuals at the authority level and the circumstances that local groups seem to get more support from the local authorities located at the municipality level, than from the regional level confirms the impression of arbitrariness and that social capital is important for local economic development. It seems likely then that the new economic policy implemented in the 1990s, partly due to the influence of European policy, has contributed to the unbinding of the constraints on social capital and has thus helped create the conditions for the social economy to become a lever for local economic development, partly compensating for cut backs in the public sector, which in a sector economy is likely to affect sparsely populated regions especially hard, as do cut backs in traditional regional policy. However, there appears to be a general lack of knowledge about what has actually happened in the longer
perspective, whether money from the EU structural funds has actually generated more than temporary effects, enabling the survival of activities in the short run.

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Social capital and local development in Swedish rural districts

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Introduction

The existing social capital literature on rural districts has mainly focused on social capital “in general” in one or several communities. Less emphasis has thus been given to citizens’ activities, their forming of new organisations such as local development groups, and the interplay between these groups and the decision-makers. From our point of view, there are at least three reasons to be interested in the role of local development groups in rural development:

The “company climate” may very well be considered satisfactory by existing companies, while at the same time, the establishment of new enterprises and entrepreneurship is not encouraged. Consequently, a study of existing enterprises and their links does not always give a comprehensive picture of the potential for development in a region. The embryo of new commercial activity can, for example, also originate in non-profit making activities. A supplementary study could therefore be to examine how the “social entrepreneurs”, which the local development groups represent, act and how they are treated by local decision-makers.

Another reason is that enterprises, not least new small enterprises, are active in a local, social and cultural environment. Their relationships in this environment can be of great importance to their development. In rural regions, local development groups are often important participants in this local environment. They contribute to the creation of a positive local atmosphere by organising leisure and cultural activities. These groups can, perhaps, even be seen as an indication that there is hope for the future in the district – or not, as the case may be. Even if local development groups rarely stand out as the first object of study where the development prospects of a rural district are concerned, studies of these groups should nonetheless be able to provide important information on local development potential.

A third reason is that the relations between development groups and decision-makers concern democracy. The rural districts in which citizens, for example in the form of development groups, have a good dialogue with the decision-makers should – ceteris paribus – find it easier to retain their population, stimulate
people to move into the area, develop new business ideas and better encourage entrepreneurship as compared to rural districts where the links between citizens and decision-makers are weak or negative.

What then is this “social capital” that, in our opinion, both the politically governed sector and the local development groups participate in and create? What significance does this social capital have? Section 2 discusses the concept and shows how we have defined it in this study. Section 3 presents the two case studies. In section 4 the results are analysed and conclusions drawn.

Local social capital as a development factor

In the international discussion, many phenomena at different levels have been incorporated under the concept of social capital. Everything – from relations between a few separate individuals to transnational cultures – have been described as social capital in different contexts. Figure 1, which is taken from Westlund and Bolton (2003), provides a picture of this complex. The figure is based on different spatial levels. On the right hand side there are common designations at each level of things that, in other contexts, are sometimes designated as social capital.

The lowest level in the figure is the level of individual actors/parties with their own preferences, attitudes, behaviour etc. In a network perspective, individuals constitute inter-linked nodes. These links are, in principle, of two different types:

- Horizontal links between the individual and other individuals in the network/group, and
- Vertical links between the individual and the network/group, such as with a decision-maker at a higher level.

The next level in the figure is the local group of actors/individuals, whose internal social capital has a high degree of homogeneity. These local groups are connected to each other by horizontal external links and form together the third level in the figure: local social capital with a lower degree of homogeneity than that possessed by each individual group – i.e. each group has more common norms than those that these groups have in common. Social networks in a certain place create opportunities and restrictions, which affect the behaviour of individuals and groups. In turn, local groups and local places also have vertical links to actors at the fourth level of the figure: the regional level. Social capital at the regional level is, in turn, less homogenous than at the local level.
Knowledge about the social capital at one level does not necessarily say much about the social capital at other levels. This problem means that studies of social capital must be very concrete in respect of the aspects and the level of the social capital that are being studied, or the levels between which the social capital is being studied.
The determining factors of the ways in which local social capital functions can be summarised in two points:

- How strong and how many links there are between different groups at the local level, and between these groups and the decision-makers, and how strong and how many links the groups and decision-makers have to organisations and decision-makers at higher levels.
- The actors, the groups and decision-makers that, on the basis of their norms and values form the local social capital by creating these links and filling them with positive or negative “charges” – or by refraining from creating or maintaining them.

One decisive factor is thus the links between the actors/groups at and between each level. This applies partly to the horizontal links between actors at the same level, and partly to the vertical links between these actors and the decision-making political institutions and other powers that be, and between actors and different types of interest organisations that can play a supportive or obstructive role.

In this paper, social capital is defined as social, non-institutionalised networks that are filled by the networks’ nodes/actors with norms, values, preferences and other social attributes and characteristics. An important quality of this definition is that it distinguishes between the networks and the norms they are filled with.

Our definition differs in one important respect from those given by for example Putnam or the OECD. According to Putnam (1993, p. 167) “social capital (…) refers to features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated actions”.

An OECD report defines social capital as “networks together with shared norms, values and understandings that facilitate co-operation within or among groups” (OECD, 2001, p. 41). Both these definitions view social capital as something good, without negative features. “More” social capital is always better than “less”. It is in principle the quantity of social capital that matters.

This view has been criticised by, among others, Portes and Landolt (1996), Portes (1998) and Narayan and Pritchett (2000). They argue that one can also detect “negative” social capital, and they then give examples of how various kinds of networks can have a clearly exclusive function. They also claim that common norms can create conformity, which implies restrictions on both individual freedom and business initiative. This criticism was eventually also conceded by Putnam (2000).

One of our fundamental assumptions is that the actors fill the links with positive or negative “charges”. Positively charged links contain trust, confidence and common values. The opposite, i.e. a lack of trust, confidence and common
values, leads in the first place to weak links, or to a situation in which links between the actors do not exist at all. In cases in which local actors - for example enterprises and development groups – have few and/or weak links between themselves, local social capital will also be weak. Weak links can, however, also be compensated by the number of links. Granovetter (1973) coined the expression “the strength of weak ties”, i.e. strength can lie in many temporary links rather than in a small number of strong, often used links.

However, mistrust and a lack of common values can also lead to the development of negatively charged links and to conflicts. Negatively charged links of this type create fragmented social capital and make joint action on the part of the actors difficult or impossible.

From a local development perspective, there is often good reason to give prominence to the role of partners and supportive organisations. Rural policies in the EU are increasingly focused on a partnership approach, such as in the LEADER programme (Westholm et al. 1999). However, at the village level, partnerships are mainly informal links, based on personal contacts with people in adult study associations, cooperative development organisations or other well-established non-profit organisations. These organisations often have links to political institutions, other powers that be and the media, and can therefore play a role as coordinators, interpreters and shapers of opinion for the local actors in their contacts with those in power and in the shaping of opinion.

The second decisive factor where local social capital is concerned is the actors themselves and their attitudes, values, norms and objectives and those they “charge” the links with. This can best be illustrated by two well-known Swedish examples of local social capital: the “local industrial community spirit” and the “Gnosjö spirit”.

The local industrial community spirit is a term for the norms and values that were created from the relations between a dominant local employer and a closely-knit, locally recruited group of workers during the industrial era. The spirit of common interest, which was formed through demands and counter-demands, resulted in the local factory assuming responsibility for the welfare of their employees and their families in exchange for the loyalty of the families to the local factory. There was, in principle, a local employment guarantee for the male population of the community. Other enterprises, apart from the requisite local service businesses, were potential competitors for the labour force and were regarded as unnecessary. The consequence was that entrepreneurship and the establishment of new enterprises were not promoted by the norms and values of the local industrial community spirit. The actors that formed the local industrial community spirit – the factory and the workers – opposed, consciously or sub-consciously, the emergence of new actors.
Normally, the successful Swedish model has been interpreted from a macro perspective, where quasi-corporatist industrial relations and Keynesian economic policies were implemented from above, supported by the Social Democratic leaders’ vision of the “peoples home” (folkhemmet) (see e.g. Lash and Urry 1987). However, from a micro perspective there are good reasons to claim that this local industrial community spirit was a prerequisite for the success of the “top-down” policies from the 1930s and onwards.

On the other hand, during the structural adjustment of the last quarter of a century, this spirit proved to be a critical problem for these communities. When the context changed, the communities needed actors to renew the stock of local social capital. However, to a large extent, the local industrial community spirit has obstructed the emergence of actors of this type.

The Gnosjö spirit is a term for the self-employment spirit of industry in the village of Gnosjö in the south of Sweden, and is often described as the opposite of the local industrial community spirit. Gnosjö is a rural community where intimate cooperation has developed between small companies, where the hiving off of existing enterprises is encouraged, and where the capacity for making flexible adjustments to production is considerable (Berggren et al. 1998; Johannisson 1994). Like the local industrial communities, Gnosjö has been dominated by a generally declining manufacturing industry. However, a completely different group of actors – that also encouraged the emergence of new actors (enterprises) – created a completely different type of social capital than was the case in the local industrial communities. The result of this can be seen in the form of a completely different approach to economic growth.

In the case of the local industrial communities, the dominating parties had invested in very strong links both internally at the local level, and externally with customers and suppliers. When the markets eventually declined and the external links were weakened, the strong internal links were an impediment that obstructed the development of new links to new external actors. Thereby, the necessary importation of new ideas and values was prevented. In the case of Gnosjö, the actors appear to have spontaneously developed an insight into the necessity of renewing links, both internally in the district and externally to new types of customs and suppliers.

While the lack of (positively charged) links or the existence of negatively charged links between actors and levels thus constitutes a problem for local

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1 As shown by Pettersson (2002) Gnosjö also has another characteristic in common with the industrial communities, namely the predominant male values and the subordination of women. Wigren (2003) connects this to the poorly developed service sector and concludes that this makes Gnosjös future vulnerable in two ways: 1. The lopsided business life is in itself a problem if the flexible production adjustments should fail to adapt to changing demand in manufactured products; 2. Many young women find the traditional gender-roles hard to accept and leave the community.
development, another problem is the existence of excessively strong links that are preserved in spite of changes in the environment. History provides many examples of countries and regions that have not been able to adjust their norms and values and to attract new networks when financial conditions have changed. In other words, links that are too weak create heterogeneity, which can lead to disintegration, while links that are excessively strong create homogeneity, which can lead to inflexibility and inability to make changes. Some of the most important qualities of local social capital for the promotion of new entrepreneurship are therefore diversification and a capacity for reconstruction.

To make this possible there should be a balance between the interests of the different nodes involved, i.e. the interests of an individual actor should not dominate. Furthermore, an optimal balance must be dynamic, that is to say, it should be based on the renewal of social capital by new networks that replace old, unproductive networks, while old, productive networks are maintained. This involves demands for an optimal combination of strong long-term links and weak temporary links between the actors (Hansen 1998). It also involves an optimal balance between, from the perspective of the actors, internal and external links, which from the perspective of a society that can be described as an optimal balance between the homogenous and heterogeneous elements of the social capital (cf. Westlund 1999). Woolcock (1998) has discussed this central issue in terms of “embeddedness” and “autonomy”, in which embeddedness (in our terms) refers to the links that contribute to making the group/society homogenous, while autonomy refers to links that retain the heterogeneity and diversification of the group/society.

In 2000, some 3,900 so-called local development groups were registered with a national organisation, the popular movement council. The majority of the local development groups are in rural districts but they can also be found in urban areas and in large cities. These groups’ activities cover a wide spectrum, from cultural and leisure activities to employment-generation activities. Their activities are dominated by social purposes and they work, wholly or partly on a non-profit making basis (Herlitz, 1998; Forsberg, 2001). Berglund (1998, p. 7) describes their aims as “achieving a stronger social community, functioning services and opportunities for employment and remained living in the district”. She interprets them as a type of place-related social movement, which, with Habermas’ terms “defends the rationality and norms of the life-world against the system” (Berglund, 1998, p. 73). In this context, the local development group must on the one hand become acknowledged by the system as a policy actor. On the other hand, it strives to defend the norms of the life-world against the same system. In our terms, the development group is embedded in a local community, which forms its particular social capital. However, to achieve its aims, the
development group also needs positive links to local decision-makers and to other development groups.

The case studies

Our case studies of social capital are primarily limited to (local development) groups and the connections between them and the decision-makers at the local levels (municipalities). This means that, in this study, we divide the local level in figure 1 into a local level, in the sense of a village level, and a municipal level. We also take up supportive organisations at the local and regional levels, and the relations between them and local groups and decision-makers.

The selection of municipalities for the case studies was governed in the first place by the intention of finding a municipality with a large number of local development groups in relation to its population, and a municipality with a relatively smaller number of groups. One fundamental question was: what make this difference? The municipalities that were selected were the municipality of Bräcke in the county of Jämtland, with a very large number of groups/inhabitants, and the municipality of Sollefteå in the county of Västernorrland, with a relative smaller number of groups/inhabitants. We were interested in studying how and why contacts and relations were created, their content and their effects. The factors studied were the organisation of the groups, contact interfaces with the local and external environment, the development of interplay and networks, and the influence of local groups in local processes of change and development.

In order to acquire a more in-depth knowledge of local development work, a qualitative focus was selected for the study, with personal visits and interviews as the method used. The interviews were undertaken partly at the decision-making municipal level and partly at the level of groups active locally.

At the decision-making level, the target group was the leading politicians and local government officers of relevance for the purpose for the study. In practice, this meant leading councillors and persons responsible for industry and rural development. Since we had wanted to study the ways in which different groups work with local development, the target group at the local level has been mixed. It has consisted of village development groups, networks, adult study associations, project groups and small enterprises. All in all, ten interviews were made in each municipality.

Apart from obtaining information on the activities of the groups and the actions of the municipalities, the aim of the interviews was to make a survey of the social capital of importance for rural development in the municipalities. Based on the perspective that it is not only the quantity, but also the quality of the social capital that is important, we focused on the latter. Nor was it possible to make a survey of the relevance of social networks in a systematic way with
quantitative measurements. Instead, our method was qualitative and focused on registering the links, contacts and partners in cooperation mentioned in the interviews, and the attitudes and values that the persons interviewed emphasised and expressed.

It can be seen from Table 1 that the existence of local development groups and new forms of cooperation both, in respect of the actual number of groups, and groups in relation to the number of inhabitants in each municipality, is much larger in Bräcke than in Sollefteå, but that Sollefteå is also far above the national average in term of the number of local groups concerned.

Table 1. The number of local development groups and new cooperatives per 10 000 inhabitants in Bräcke and Sollefteå 1999. Figures in brackets are the actual number of groups/new cooperatives.

<table>
<thead>
<tr>
<th>Bräcke</th>
<th>Sollefteå</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local groups</td>
<td>131.6 (ca 100)</td>
<td>13.6 (30)</td>
</tr>
<tr>
<td>New cooperatives</td>
<td>34.2 (26)</td>
<td>5.9 (13)</td>
</tr>
<tr>
<td>Local groups</td>
<td>13.6 (30)</td>
<td>4.5 (3956)</td>
</tr>
<tr>
<td>New cooperatives</td>
<td>5.9 (13)</td>
<td>4.7 (4 137)</td>
</tr>
</tbody>
</table>

Source: Primary material given to Höckertin (2001), the Swedish popular movement council.

The municipalities face the same problems as many other rural and sparsely populated municipalities. They have an uneven age distribution, declining populations, emigration and a lack of job opportunities. Table 2 shows that the population in both municipalities has declined considerably in recent decades. The rate of population decline has been somewhat greater in Bräcke. In terms of total population size however the municipalities do differ considerably. Sollefteå has almost three times as many inhabitants (approximately 22,000) as Bräcke (approximately 7,600). The urban area in Sollefteå has more inhabitants (approximately 9,000) that the total number of inhabitants in the entire municipality of Bräcke. Where surface area is concerned, Sollefteå is also larger than Bräcke municipality, at 5,434 square km. and 3,849 square km. respectively. Measured in inhabitants per square km, Sollefteå has a population density of 4.2 inhabitants per square km. While Bräcke has 2.0 habitants per square km.

Table 2. The percentage change in population by decade 1970-2000 in Bräcke and Sollefteå municipalities.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bräcke</td>
<td>-7.6 %</td>
<td>-5.3 %</td>
<td>-13.3 %</td>
</tr>
<tr>
<td>Sollefteå</td>
<td>-5.4 %</td>
<td>-4.7 %</td>
<td>-11.5 %</td>
</tr>
</tbody>
</table>

Source: Statistics Sweden

At the time the interviews were made, in the spring of 2000, Sollefteå was in a particularly vulnerable position as a result of the threatened closure of a military regiment based in the municipality. The regiment was later closed down. The
selection of Sollefteå municipality coincided to a certain extent with the formation of local groups that had been established in connection with the closure of the regiment in 2000 and the subsequent process of adjustment to the new situation. Groups in Bräcke were mostly selected on the basis of experience of active groups with a focus on new cooperative activities. We would at this point like to make clear that the study does not aim to describe one municipality as being better or worse than the other. Instead, the focus has been placed on studying and describing the methods and strategies for local development that have been drawn up in each of the municipalities concerned.

Sollefteå

The municipality of Sollefteå in the county of Västernorrland was characterised throughout the nineteenth century by a relatively extensive military presence. Two regiments employed approximately 1,000 persons (directly or indirectly), which corresponded to approximately 10.7 per cent of the vocationally active population (20-64) years in the municipality (9,335 persons). Apart from the defence sector, job opportunities were mostly to be found in other public sector activities and in the forest and energy industries. In 1990, it was announced that one of the regiments would be closed and this took place four years later, in 1994.

On that occasion, it was possible to use the long period of time available for making preparations for the closure for a long-term process of adjustment and, with a collective effort, success was achieved in developing the former regimental area into an industrial and commercial complex. Today, some 600 people work there, which is a higher figure than was the case when the regiment was there. The enterprises in the area consist for the most part of young growth enterprises. One explicit objective was, in fact, to create a dynamic mixture of enterprises in sectors closely associated with each other.

In 1999, the Government announced new reductions in the armed forces and once again Sollefteå was one of the towns that would be affected. Where Sollefteå was concerned it meant that the remaining regiment, with its 500 employees, would be closed down. An extensive process of adjustment was started immediately. This included the formal appointment of persons and groups at the local and municipal levels to work in cooperation with central representatives from the Swedish Armed Forces and the Ministry of Industry and, Employment, and groups of a more informal character that have come into being with the aim of contributing to positive development in the municipality of Sollefteå.

Apart from a difficult process of adjustment of a structural nature, which involved replacing job opportunities that disappeared in a shrinking public sector with other, private sector alternatives, the municipality has had to fight against negative population growth. Since the 1950s, the number of inhabitants has
fallen from 39,000 to 22,000 persons, and there is a large deficit in the 20 to 35 age cohort. In this age group, it is common for people to move away in order to obtain an education that is not possible to obtain locally, and thereafter it has hitherto proved difficult for these people to return and find the jobs that they have been trained for.

The interviews were undertaken shortly after the decision to disband the regiment was made. There was a large degree of uncertainty as to how these job opportunities could be replaced and how the negative spirit could be turned into something positive. The Ministry of Industry and Employment had intensive contacts with representatives of the municipality, but their promises had not been fulfilled at the time of the interviews. Of the ten interviews conducted in Sollefteå, seven were with local independent development groups/organisations or similar and three were with representatives in one form or another of the municipal level.

Bräcke

During the 1990s, leading municipal politicians and local government officers in Bräcke municipality have supported new cooperative activities as an alternative form for operations, particularly for maintaining care services for children and the elderly. At present, the municipality is trying to gain support for a new municipal plan where it has attempted to incorporate the local level, local development groups in the process by asking them for comments and suggestions. There is an explicit ambition here to improve the dialogue between the municipality and the inhabitants of the municipality. The municipality also has experience of working with neighbourhood councils. A political discussion on municipal democracy began in 1979, which resulted in neighbourhood councils being given responsibility for almost all municipal activities. Ten years later the organisation was reviewed again. In the mid 1990s a study was made which led to a re-organisation, with financial savings as its main purpose.

In connection with the reform of the neighbourhood councils at the beginning of the 1980s, the municipal council appointed seven village development groups. According to the development plan, the aim of this measure was “to stimulate local development work and to deepen democracy”. This somewhat different approach, where the municipality appointed village development groups, had the effect that the groups were given the status of municipal committees with responsibility for local issues. The municipality has reviewed the system of the municipally appointed development groups, since it has not functioned without friction. In 2000, there were some 100 groups working with development work in their own villages/districts or in their own housing areas. Of these, several worked with their own development plans for their own activities/areas. Local engagement is said to have increased during the 1990s.
In the new development plan, a new form of meeting is being tested for a three-year period. It is intended to improve the dialogue between the municipality’s politicians, officials and the residents. The municipality has chosen some ten places that are visited in the evenings by one or two politicians and local government officers. The local groups are responsible for making invitations and arranging the meetings. They also participate in preparing the agenda for the visit. This procedure is part of the objective for improving democracy in the municipality.

In Bräcke, two representatives of the political leadership in the municipality were interviewed, as well as two representatives from organisations that work with supporting local development work: Cooperative Development in the County of Jämtland, and ABF, an adult study association. Three local actors engaged in activities that focus on local development, and representatives of three village development groups, were also interviewed.

Analysis and conclusions

Crises and local development processes

From a cursory comparison, the two municipalities we have studied appear to have many common features as well as a number of major differences. They are both situated in the same part of the country and forestry has been an important industry for both. Social democracy has dominated their politics. During the last half-century, they have each lost a sizeable proportion of their population with a resultant distortion in their age structures, where each now have a large proportion of elderly inhabitants. Both municipalities have also gained a reputation for supporting local development initiatives in order to improve the welfare of their citizens and the attractiveness of the municipalities.

However, the differences between Bräcke and Sollefteå also deserve to be highlighted. While employment and industry have been fairly similar in the different parts of Bräcke municipality, Sollefteå has been characterised by a clear division between the main centre and the rest of the municipality. During the 1990s, the main centre in Sollefteå had the character of a military enclave, while the other parts of the municipality had an industrial structure similar to that of Bräcke, with a decline in agriculture and forestry, a small industrial sector, and thus a large civil public sector. A further difference being that Bräcke has far more local development groups and new cooperatives per inhabitant than does Sollefteå.

In this section, similarities, differences and conclusions are described and discussed on the basis of the results that emerged in the studies made in each municipality. The discussion revolves around the factors that have been of importance for local development in the two municipalities. The results indicate
that, in the municipality of Bräcke, there has been something that has had a positive effect on the potential for local development, while in Sollefteå we have found something of the opposite – a development spirit, which is fighting a uphill battle. The uphill battle in Sollefteå can best be described in terms of a more highly fragmented social capital with clear conflicts between rural districts and the main centre and strong features of a local industrial community mentality where people expect that someone else will arrange everything for them. Many of our informants conveyed a picture of conservative egalitarianism – no one is any better in any way than anyone else – which is often experienced as an obstacle to local development. There is also a history of several municipal districts, which were previously municipalities and between which there has not been a great deal of cooperation. It is rather the case that there is unexpressed reluctance to work towards common goals. According to several of our informants, these traditions have made joint future visions and joint action difficult. People are well aware of all of these factors, particularly those working with the adjustment process, and also local politicians and local actors. There were also indications of similar phenomena in Bräcke, though they did not permeate the reports of informants in the same way.

Similarities and differences

The similarities that we have found are factors that trigger local development, driving forces, and vulnerabilities in local development work. One form of crisis or another has been a common reason for forming groups and/or starting activities. Furthermore there is an explicitly positive attitude to local actors and initiatives in both municipal organisations. In Bräcke there are far more new cooperative activities than in Sollefteå. The local historical tradition also seems to be of importance where village development work is concerned. Places that have a history of active social life appear to be “strong” where development work is concerned. One negative side is that actors/groups encounter difficulties in village development work due to negative elements in their social capital arrangements, consisting of the cultural heritage and old conflicts between villages and districts. There were examples of this type in both municipalities. Bull (2000) has highlighted similar experiences in other parts of Sweden.

The main difference we can see, based on our visits and interviews, is precisely the spirit – or the qualitative aspect of social capital – in the municipalities. In Bräcke an impression was conveyed that everything was possible, while in Sollefteå the opposite impression was conveyed – it won’t work! Bräcke has not had to bear a negative burden in the form of old, inflexible industrial community values, but appears to have succeeded and to have been “allowed” to both think and try new ideas to a greater extent than Sollefteå. In Sollefteå, on the other hand, the handicap of this cultural heritage has been forged for generations,
being deliberately cultivated and passed on for a long period of time. The need for a change in attitude is naturally one of the most difficult things to address. Well aware of this, it was nonetheless what Sollefteå intended to do when it was seen as the only “possibility for survival” and as the only viable strategy for the future. However, where the “spirit” of the municipalities is concerned, the difference has not resulted in Sollefteå lacking successful examples of operational models that have been developed locally.

Below are some of the similarities and differences that emerged very distinctly in the interviews:

*The municipalities’ attitude towards the work of the local development groups*

The leading councillors convey a positive attitude to local initiatives. Both municipalities have previously worked with local mobilisation and, since the 1980s, have had experience of different models of dialogue between the local and municipal levels. In the case of Bräcke, village development groups were originally formed from above, given a political mandate and thereby incorporated into the municipal political power structure. The municipality tried to exercise control over village development work with the aid of a procedure of this type. The strategy had the consequence that people who were committed but were not affiliated to political parties was excluded. The system proved not to be able to function in practice since village development work in general is objective and focuses on common things, and is not a matter of party politics. As such, this system has now been replaced by a new model approach based on independent village development groups. In Bräcke, municipal management has had a positive attitude to new local cooperative solutions. In Sollefteå, the leading councillor expressed the desire for a greater degree of decentralisation in the decision-making processes in the municipality. He did not say how this would be done, but was of the opinion that it was important that ideas of this type originated from the local level.

Individual groups, as well as associations of groups, are trying to obtain a greater amount of influence in decision-making processes. In both municipalities there are “mixed groups” of local actors and decision-making municipal politicians and local government officers. It is interesting that the name given to these groups - future groups – is the same in both municipalities. This possibly indicates a new way for future discussions and decision-making (see for example Olsson and Forsberg, 1997) – a phenomenon also alluded to in the Swedish official regional policy report 2000 (SOU 2000:87).

We do however find a significant difference in the way in which local government officers speak about village development work. In this regard, Bräcke municipality displays a proud and positive tone, which cannot be heard to the same extent in Sollefteå. Bräcke appears also to have taken action for local
development to a greater extent than Sollefteå. For example, Bräcke has started a “new model” for the development of democracy. This consists of municipal politicians visiting the villages for talks on important issues. Sollefteå municipality has recently started a series of meetings with local development groups. However, there are differences in opinion on the extent to which the positive attitude of municipal management to the work of local development groups really has an effect in practice and how the local actors feel about this system. Several of the local actors directed criticism towards municipal management in these matters. Local actors in both municipalities point out that the further one is from the centre, the more difficult it is to gain a hearing at the decision-making level.

At the same time, our study shows that it is in the rural districts where a number of the new ideas for activities have taken shape and been developed. The people living in the rural districts have been forced to gain control of their situation in a more distinct way than those in the urban areas, where job opportunities, service and care facilities are still provided. The “crisis” in rural districts has created and/or made necessary commitment and creativity among the residents.

Local historical traditions and spirit

Local history and tradition in these villages and districts appear to be of great significance for the formation of platforms for local development. In districts with strong cooperative traditions, it seems relatively easy for local development work to pick up speed. There is a tradition of cooperation and people know each other. However, in these districts old village hostilities still lurk under the surface. These hostilities can exist in one’s own village (often divided into “two parts”) as well as towards other villages in the neighbourhood. There are obvious risks that these inherited memories of injustices make local development work difficult. In other words, strong social capital, based on obsolete attitudes in a group or a place can constitute an obstacle to necessary change and development.

However, conversations with local groups and advisors show that local development work has created platforms for processing old conceptions. Several village development groups talk about cooperation and joint solutions, and have developed models for this. This process appears to have made greater progress among the groups working with rural development. As a result of the crisis that characterised the centre of Sollefteå at the time of the interviews, people ended up in a situation where they were forced to abandon old ways and experiment with new ones. The respondents made a critical examination of themselves and the municipality, which undoubtedly contributed to talk of “conservative egalitarianism” and the lack of entrepreneurship. But they also had great hopes for the future. Our study shows that local development work (in the spirit of village development work and adjustment processes) can be a method of achieving greater cooperation and thus of providing strength for important issues.
The existence of old village conflicts, “conservative egalitarianism” and the old industrial community spirit illustrates perfectly that local renewal work cannot be based uncritically on the existing social capital and on simple efforts to strengthen it. It is rather the case that the processes that have been started in Bräcke and Sollefteå indicate an ambition to reshape and renew the social capital through encouraging the emergence of new nodes/actors and new networks, thus allowing other actors and networks to disappear.

New forms of cooperation in the municipalities

Despite differences in respect of the spirit of each municipality, it is nonetheless obvious that it is possible to see many concrete results of the different forms of local development work in each. In Bräcke, there are for example a number of new cooperative models run by local actors.

In Bräcke some actors and organisations have emerged as being of particular importance for the flow of information and contacts between the municipal and local levels. These types of actors that move between different groups and have contacts with the decision-making level play important roles in these processes. Advisory and supportive organisations such as the adult education association, ABF, in Bräcke and Cooperative Development in Jämtland County (KUJ) also have this type of function. The advisors constitute a type of agent for change and play an important supportive role as regards local actors. Experience and knowledge of development processes is astutely gathered by the advisors, while they also maintain a good knowledge of local decision-making processes. In difficult situations they can act as brokers or as guides between the local and municipal levels. Furthermore, the advisors provide tools and models that can be used to inspire and shape local initiatives.

The function of these supportive nodes and links between the groups at the municipal and local levels is much clearer in Bräcke than in Sollefteå. In Sollefteå there were a number of groups, but we felt that a person with an “overview” of what was happening was lacking. We can see that a development role of this type, with an overview role and the capacity to forge links between groups, has been an important component of the local development processes in Bräcke, which have often been positive. Sollefteå has no local organisation that plays the role that ABF does in Bräcke. Cooperative Development in Jämtland County is a much larger and stronger organisation than its counterpart in the county of Västernorrland.

It is our conclusion that these organisations function as extremely important nodes that create and maintain links between the local level and the municipal and regional levels. In all probability, these organisations, with their special knowledge of the people, the district and development processes play a decisive role in the type of local development processes that we have studied. Even if no
official partnerships exists, it seems obvious that the success of the local development groups to a great extent is dependent on their ability to establish links to these potential (unofficial) partners.

Social capital in Sollefteå and Bräcke – A Summary

An analysis based on the “Putnamian” theoretical approach would probably result in the conclusion that, in comparison with Sollefteå, Bräcke has a larger “amount” of social capital. However, our material does not provide any basis for us to express an opinion on the quantity of the social capital. It is not possible to claim that Sollefteå is relatively “lacking” in social capital as compared to Bräcke. Neither is it possible for us to claim that social capital in general should be “stronger” or “weaker” in one or other of the two municipalities. Since strong negative social capital, for example the “old industrial community spirit”, can be expected to have a negative effect on local development, a discussion on “strong” and “weak” capital, without taking its content into consideration, would also be irrelevant in this perspective.

However, our conclusion is that there are qualitative differences between the stocks of social capital in each of the municipalities concerned. The social capital displayed in Sollefteå appears to be divided to a greater extent between the dominant centre and the remainder of the municipality and between different groups. The preservation of large, established activities (the regiments and the hospital), and not the creation of new industries, have been the central focus of actions taken by the municipality and other leading actors. Sollefteå also appears to be characterised by a stronger degree of industrial community mentality in which it is considered negative to distinguish oneself by taking initiatives of one’s own. Even if all of these features can also be found in the social capital displayed in Bräcke, they seem to be there to a lesser extent.

Our results indicate that the differences between Sollefteå and Bräcke are both historical, based on the structure of industry and on the existence or absence of a certain type of actor, namely advisory/supportive organisations. Historically, the industrial structure in Bräcke has been much more homogenous than in Sollefteå. Agriculture and forestry and small forest-based industries dominated industry in Bräcke up to the municipal expansion of the 1960s and, above all, the 1970s. The centre of Sollefteå mostly consisted of a military enclave, with completely different social networks and values than other parts of the municipality. In a perspective of this type, the observed differences in social capital would appear to be easy to explain, and also almost impossible to influence in any other way than over a very long-term perspective.

The existence of advisory and supportive organisations, such as Cooperative Development in Jämtland County, and the role that ABF plays in Bräcke – and their absence in Västernorrland County and Sollefteå – is also partly due to
historical, industrial structure reasons. The difference is, however, that these
types of bodies, which function as nodes in the networks between the villages
and the municipal administration, are also actually a result of political actions.
Even if the organisations arrange their activities independently of the public
sector, they are very much dependent on public funds for their activities. It is
thus a political matter whether the municipalities and the regional public bodies
decide to allocate funds to the activities and functions performed by the advisory
organisations. In Bräcke and in Jämtland, the public sector has clearly been more
interested in backing up these actors at the intermediate level.

In this respect, our results are very reminiscent of those of an Australian study
on the importance of social capital for networks of groups with a focus on land
care. In what was originally a government programme, which included the estab-
ishment of local groups, spontaneous networks of groups were formed which
had their own decision-making functions, spread their own information and
created their own resources. Initially the networks came into conflict with the
authorities involved, but subsequently a division of responsibilities emerged in
which the networks were given financial support and were made responsible for
spreading information and for coordination. The networks developed into an
organisational structure that was able to bridge the institutional vacuum that
existed between the landowners and the regional planning authorities (Sobels et
al., 2001).

One general interpretation of this experience from rural areas in Australia and
Sweden could be that’ top-down’ measures to promote local development and to
build new social capital, have to take into consideration the institutional vacuum
that exists between the citizens and the authorities and therefore include the
possibility of transferring resources and powers to independent organisations that
can fill this vacuum.

The potential and limitations of local development work

Finally, it is also necessary to ask the wider question on what kind of expecta-
tions that it is reasonable to place on local development work. What role do the
types of activities that are performed by village development groups, local
cooperatives, save the jobs/service groups etc. play in the creation of new jobs,
new business, population growth and other forms of regional development?

Table 2 showed that the population in both Bräcke and Sollefteå decreased
considerably over recent decades, and that the rate of depopulation was some-
what higher in Bräcke. If the population trends in the municipalities as a whole
could be used as a measure of the effects of development work, the more
extensive activities in Bräcke almost appear to have led to a negative outcome.
However, Table 3, which shows population trends in urban districts and rural
districts in the 1990s, shows another picture. It is only the urban district in Sollefteå itself that showed a considerably more positive trend than the urban district in Bräcke. Population levels in other urban districts have decreased considerably in both municipalities, but more so in Sollefteå. The population level in rural districts in Sollefteå has decreased almost twice as much as in Bräcke.

Table 3. Population trends in urban districts and sparsely populated districts/rural districts in Bräcke and Sollefteå municipalities 1990-2000 and percentage change.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Main centre 1990</th>
<th>Main centre 2000</th>
<th>Other centres 1990</th>
<th>Other centres 2000</th>
<th>Rural districts 1990</th>
<th>Rural districts 2000</th>
<th>Bräcke %</th>
<th>Sollefteå %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bräcke</td>
<td>8739</td>
<td>7577</td>
<td>1995</td>
<td>1703</td>
<td>2520</td>
<td>1984</td>
<td>-13.30</td>
<td>-14.64</td>
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<tr>
<td>Bräcke</td>
<td>-14.64</td>
<td>-21.27</td>
<td></td>
<td></td>
<td>4224</td>
<td>3890</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sollefteå</td>
<td>24840</td>
<td>21978</td>
<td>8728</td>
<td>8860</td>
<td>6776</td>
<td>5101</td>
<td>-11.52</td>
<td>1.51</td>
</tr>
<tr>
<td>Sollefteå</td>
<td>-14.13</td>
<td></td>
<td></td>
<td></td>
<td>9336</td>
<td>8017</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Swedish National Rural Development Agency

Without a much deeper analysis, it is simply not possibly to reach a definitive conclusion as to why Sollefteå has had a more negative population trend in its rural districts in the 1990s than in Bräcke. However, the fact is that, ever since the end of the 1970s, municipal management in Bräcke has tried to support development work at the village level in different ways. The first attempts at the “top-down” establishment of politically appointed groups were not however too successful, but Bräcke had the ability to learn from its mistakes and to adopt a positive attitude to the “bottom-up” establishment of “non-political” groups. In Bräcke, another form of social capital has developed which, among other things, seems to be reflected in more extensive local development work and in municipal management, which has actively supported this work.

Local development work is dominated by activities associated with public and private services, nature and the cultural environment, and culture and leisure. Activities associated with improved or preserved levels of service lead – if they are successful – to the retention of job opportunities (in, for example, the shops or schools threatened by closure), or new job opportunities in the village (for example in a child-care cooperative). In many cases, however, new jobs created in the villages correspond to fewer jobs in the nearest urban area (in, for example, child care). Even if the number of job opportunities and local services in a municipality are thus possibly not changed at all by local development work, there is no doubt that the work improves the quality of life in the successful villages.

Village development work contributes to the creation of positive social capital in the form of a cooperative spirit, and in the power to take initiatives in respect of the issues people actively work for. Social capital associated with cultural, leisure and service environments contributes to the creation of a situation in
which people feel content and want to remain in the area, and this should also have some positive effects on immigration or the return of people who grew up in the district. But there are few examples where it can be shown that the social capital built up in local development work had any obvious direct effect in respect of new companies, company expansion and new job opportunities. The move from voluntary work, or services performed on contract for the municipality, to entrepreneurship on market conditions is a very long one. Even from a wider European perspective, a large proportion of employment in this social economy appears to be tied to local services (Westlund and Westerdahl, 1997).

This means that the social capital that is created in local development work should be seen as an important, but nonetheless not the only, part, of the “all-embracing” stock of social capital which local and regional actors and decision-makers more or less consciously try to reshape and recreate. This “all-embracing” social capital also includes the production environment and thus also attitudes to new companies, cooperation between companies, risk-taking etc. The examples of local capital that were discussed in section 2, such as “the Gnosjö spirit” and “the old industrial community spirit” both constitute examples of this all-embracing social capital that was developed in interaction with special local production environments. This social capital does not therefore only have an effect on the local cultural, leisure and service activities available to the people, but also on their ability to obtain work and earn a living.

Seen in this perspective, local development work is a component part in the strengthening of the competitiveness of a municipality or region. It is possible that the new attitudes to, for example, local cooperation that arise in development work can exercise an influence on the social capital that is linked to the production environment – if links are established between the different environments. However, to magnify expectations of local development work and to expect results in areas that are only rarely in focus – i.e. job creation – would be to do development work a disservice. Local development activities are important for a community, but they are not enough.2

This study provides support for the notion that, together, actors at the local and municipal levels can change the stock of local social capital. In Bräcke, the municipality has tried to treat the rural areas as a resource – a living and leisure environment that attracts certain groups. For more than two decades, local groups, supportive organisations and municipal management have built up respect for the will to take responsibility and for the work that is done in the villages. In Sollefteå, work of this type was introduced in the 1980s and was given a new lease of life during the crisis of 2000. A possible interpretation of

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2 “In the peripheral places, the failure of a single production system, upon which families have become wholly reliant, may not be capable of being compensated through their engagement in locally-available alternative production systems” (Byron & Hutson 2001, p. 302).
our results could therefore be that it is possible to change the local social capital in respect of culture, leisure and service environments. It should also be possible to do so in respect of the production environments. However, our results indicate that this is a long-term task that requires significant perseverance.

References


Co-operative approaches to agricultural landscape management-farmer groups as agents

Anne Gravsholt Busck

Introduction

Traditionally, agricultural policy has aimed at expanding and enhancing agricultural production (Gilg, 1996; Vos and Meekes, 1999). Over the past three decades, however, public awareness of the other functions and values of the rural countryside has increased, and farmers experience public intervention within new regulatory areas; e.g. habitat conservation and nutrient management (Marsden et al., 1993; Lowe et al., 1997). In several countries, farmers have been highly vocal in demonstrating their dislike of this increasing regulation (Broekhuizen et al., 1997; Lowe et al., 1997). Restrictive statutory regulations have been perceived as unjustified attacks on the farmers’ integrity while also being accused of neglecting the importance of the need to adapt to variations in the local environment. As subsidy schemes are voluntary, they induce fewer protests amongst farmers than do statutory regulations. However, both means of regulation have been criticised as being inflexible, because they include fixed and detailed instructions on specified farming practices (Broekhuizen et al., 1997; Luz, 2000).

The protests of the farming community can be interpreted as a negative reaction to “top-down” regulation. This approach is most often related to rationalistic planning, where public authorities decide upon optimal solutions based on objective data, legislating accordingly (Healey, 1997; Woerkum and Aarts, 1998). The adequacy of “top-down” regulation has been questioned by researchers for a number of years, and alternative approaches have been developed in terms of communicative planning, self-regulation and partnership (Arnstein, 1969; Stor and Taylor, 1981; Sager, 1994). Healy (1997) summarises the alternative approaches as “the interpretative, communicative turn in planning theory” (p. 28). Knowledge, value, and preferences are here perceived to be intersubjective, and thus actively constructed through social processes embedded in specific contexts. In this process, ownership of knowledge, problem identification and possible solutions spread to more people, and it is expected that with ownership a sense of responsibility and an urge to adopt a stewardship ethic will be developed (Hanna, 1995; OECD, 1998). This is in line with recent international agreements, which urge national governments to involve citizens further in planning and implementation processes, and to delegate responsibilities and
substantial decisional power to citizen groups (European Commission, 1996; Council of Ministers, 1998).

In urban planning “bottom-up” approaches have increasingly been adopted (Voogd and Woltjer, 1999; Engberg et al, 2000), and in recent years examples have also emerged in rural housing planning processes (Goodwin, 1998; Murdoch and Abram, 1998). Examples related to integrating landscape concerns in agriculture, though, are still uncommon and have been less subject to analysis.¹

This article analyses on the potential of farmer groups as agents in “bottom-up” approaches to landscape management. Public regulation of farmers’ practice is most often aimed at the individual farmer, and linked to national and international policies and priorities (Dwyer and Hodge, 2001). However, the very nature of landscape management underpins the relevance of farmer groups as agents, because landscape issues such as preventing soil erosion or the provision of ecological corridors often require actions that extend across property boundaries. In order to optimise the achievements of individual farmers’ landscape practices, spatial co-ordination is essential (Burel and Baudry, 1995; Forman, 1995; Brandt, 1996).

Two cases are presented: environmental co-operatives in the Netherlands and planting associations in Denmark. Both the Netherlands and Denmark are characterised by intensive agricultural production and strong traditions of cooperation among farmers (Just, 1990; Ven, 1993; Just, 1994). The two types of organisations presented share the common goal of enabling groups of farmers to engage in binding agreements with public authorities in relation to landscape management. However, the emergence, achievements and organisation of environmental co-operatives and planting associations, respectively, are very different. Focusing on organisational aspects, the analysis compares experiences gained in the two countries in order to achieve a differentiated understanding of the potentials and shortcomings of farmer groups as agents in co-operative landscape management. In addition, the relationships between emergence, organisation and achievement are highlighted.

¹ See however environmental co-operatives in the Netherlands (Bruin, 1995; Hees et al., 1994) and land care groups in Australia (Curtis, 1998; Sobels et al., 2001).
landscape values and other environmental goods are described as public goods, which will not be supplied by farmers as a result of a free market economy. From this perspective public intervention is necessary, and public authorities are understood to be the driving force in respect of the provision of public goods such as biodiversity and the protection of groundwater resources (OECD, 1997; Huylenbroeck et al., 1999; Dwyer and Hodge, 2001).

In contrast to this, co-operative approaches are characterised by citizens and public authorities engaging in debate and negotiations to achieve a common understanding of problems and possible solutions. In this process initiative, responsibilities and decisional power is shared between the parties (Meadowcroft, 1998; OECD, 1998). It is argued that involving local stakeholders may induce innovative solutions and mutual learning, as a multitude of ideas and knowledge on specific local conditions may be provided and developed (Glasbergen, 1998; Röling and Wagemakers, 1998). In addition, the process may lead to growing commitment and mutual understanding between the parties involved, and a legitimisation of the agreed actions (Hanna, 1995; Meadowcroft, 1998).

This article focuses on co-operation between public authorities and groups of farmers. In such arrangements, farmers are responsible to the public authority as a group and have the ability to regulate themselves within a framework set up by agreements made between the group and the public authorities. This enables the individual farmer to act in accordance with the specific conditions of his farm (OECD, 1998). In addition, working in co-operation, the members may achieve economies of scale for example by lowering the costs of gathering information or in buying specialised machinery.

From a broader socio-economic perspective it may be attractive for public authorities to address groups of farmers rather than individuals (OECD, 1998). Based on club theory, Slangen (1994) emphasis the efficient location of abatement costs (e.g. costs of improving habitats or lowering the surplus of nutrients), because internally in the club, members can choose the persons and the specific solutions, thus achieving the desired effects in a more cost efficient manner. Moreover, transaction costs (e.g. policy implementation and monitoring costs) may be lower because members perform internal social control and thereby ensure compliance (Slangen, 1994; Glasbergen, 1998). Internal control, though, cannot substitute for all external monitoring, because the public authorities must ensure that the agreed objectives are achieved, especially if public subsidies are involved (OECD, 1998).

Without fundamentally opposing co-operative and other communicative approaches, the increasing focus on involving local citizens in planning has, in recent years, been criticised. It is argued that overall planning is important because local stakeholders tend to ignore problems that are not important in the local context, but may be essential to a broader perspective (Goodwin, 1998;
Murdoch and Abram, 1998; Voogd and Woltjer, 1999). The protection of groundwater resources or the conservation of specific rare species and their habitats are good examples of this phenomenon. Meadowcroft (1998) argues that co-operative approaches should therefore be envisaged as supplementary to other public regulation – not as a replacement. In a review of co-operative approaches to sustainable agriculture the OECD (1998) concludes that local individuals and private enterprises may be expected to be most effective in dealing with issues that are locally important, where individual behaviour or outcomes can readily be observed in the local environment and within a short time scale.

An additional critical aspect here is the problem of identifying the relevant stakeholders to be included in the co-operative process between the public authorities and the citizens, and how to cope with the fact that some parties are more powerful than others (Murdoch and Abram, 1998). Important in this respect are both the power relationship between public authorities and the private stakeholders, and inequalities among private stakeholders (Meadowcroft, 1998).

Co-operative arrangements in practice

Two contrasting cases of farmer groups as agents in co-operative approaches to landscape management are analysed: Environmental co-operatives in the Netherlands, and planting associations in Denmark. The formation of Dutch environmental co-operatives started as a reaction to the tense relationship between farmers and public authorities. The term “environmental co-operative” includes a variety of initiatives, which have in common the fact that they are:

- an association or co-operative organisation of farmers who take the initiative to integrate care for environment, nature and landscape as essential parts of the farm production and take on a joint responsibility for this action (Hees et al., 1994 p. 2).

They all intend to engage in a constructive dialogue with public authorities in order to solve a variety of environmental problems in a local context, and avoid further restrictive regulation (Bruin, 1995). In contrast, planting associations emerged to co-ordinate a specific landscape activity (hedgerow planting), and public authorities encouraged the formation of planting associations. Farmers who plant hedgerows within a specified local area are organised through a national framework, which is authorised to administrate the public planting scheme (Fritzbøger, 2002; Busck, 2003). Thus the dialogue between the organisation and the public authorities is limited.

The present analysis of the emergence, organisation and achievements of the two initiatives is informed by written evaluations and interviews with farmers, advisers, public authorities and researchers in the Netherlands (during two field work periods in 1999 and 2000) and in Denmark (during the period 1998-2000).
Case 1: Environmental co-operatives in the Netherlands

The first environmental co-operative, Verenigen Eastermaar Landsdouwe (VEL), was formed in March 1992 in the region of Friesland in the north of The Netherlands (Jong and Piebenga, 1994). Today more that 100 environmental co-operatives operate in the Netherlands (Renting and Ploeg, 2001).

Emergence

The emergence of environmental co-operatives is based on a complex of circumstances related to public regulation, research activities and the local farming communities. During the 1980s, agricultural policy changed fundamentally. Prior to this, agricultural policy was characterised by close relationships between the Ministry for Agriculture, research institutes, the agricultural advisory service and the national farmers association. All agreed on a common objective of increasing agricultural production via mechanisation, specialisation, and intensification, including the increased use of pesticides and fertilisers (Ministerie van Landbouw, 1994; Ploeg, 1999). However, during the 1980s farmers experienced increasing regulation of the environmental impacts of farming practices. Dutch agriculture was forced to change strategy in order to comply with these new public demands, and a tense relationship between farmers and the public authorities developed as a result (Ministerie van Landbouw, 1994).

As part of the changing nature of public policy, a national ecological network was set up. The network was to be established though a combination of management agreements with farmers and acquisition of land for nature reserves managed by public and private nature organisations (Lammers and Zadelhoff, 1996; Rijksinstituut voor Volksgezondheid en Milieu (RIVM) et al., 2000). At the same time, detailed regulation of agricultural impact on the quality of soil, water and air was elaborated (Ministerie van Landbouw, 1994).

The national farmers’ association, Land- en Tuinbouwer Organisatie (LTO), was unwilling to acknowledge the negative environmental impacts of agriculture (Informatie- en KennisCentrum Landbouw, 1999; Dijkstra pers. comm., 1999). The LTO and individual farmers reacted vigorously to the acquisition policy and the detailed regulation of agriculture (Broekhuizen et al., 1997). Farmers viewed the acquisition policy as an attack on agriculture and a dismissal of farmers as responsible managers of the landscape. In addition the detailed environmental regulation was accused of being overly rigorous and inflexible to local variation (Jong and Piebenga, 1994). Gradually a sense of mistrust towards public authorities and regulation developed among farmers (Broekhuizen pers. comm., 1999; Rombout pers. comm., 1999).

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2 The exact number of co-operatives is uncertain, because environmental co-operatives are not registered in any central database (Renting and Ploeg, 2001).
Against this backdrop of disagreement and tension, some farmers attempted to improve their relationship with the public authorities in order to prevent even more restrictive environmental regulation in the future. In addition, they wanted to better develop possibilities for future diversification of farm income (Bruin, 1995; Renting and Ploeg, 2001). Moreover, as the conflicting issues were related to local environmental conditions, the formation of local co-operatives seemed reasonable, as well as being in line with the Dutch tradition of co-operative solutions to problems3 (Dijk, 1990; Benedictus pers. comm., 2000).

Farming styles research (Ploeg, 1994b) in several rural areas in the Netherlands may be seen as an additional factor initiating the emergence of environmental co-operatives. In 1991, a study was conducted in the region where the first environmental co-operative (VEL) was later founded (Bruin and Ploeg, 1991). The concept of farming styles emphasises the importance of endogenous development based on local knowledge and capacities. Attention is drawn to the diversity of strategies present among farmers, to the potential that this diversity holds, and to the necessity to leave room for diversity to develop (Ploeg, 1994a; Bruin, 1995; Wiskerke, 1995). At the same time public authorities in the Netherlands experienced implementation problems related to “top-down” regulation (Ministry of Housing, 1999). In order to improve the strained relationships between the public authorities and citizens, the Ministry of Housing, Spatial planning and Environment in 1988 initiated planning experiments4 on how to involve local stakeholders in solving environmental problems (Ministry of Housing, 1995). Similarly, in 1993 the Ministry of Agriculture, Nature management and Fisheries promoted initiatives focusing on “bottom-up” solutions to integrating landscape management in agriculture5 (Haas et al., 1999).

Emerging from the developments described, the first environmental co-operatives received positive attention from the public authorities, and the ministries provided funding for co-operatives to develop visions for their future development in their local areas. Researchers and officials from county authorities were engaged in assisting the environmental co-operatives, helping them to identify problems, formulate solutions and develop plans for possible implementation (Jong and Piebenga, 1994).

Achievements of the environmental co-operatives

The individual environmental co-operatives have developed different objectives and focal points according to the local environmental context and the interests of

3 Dating back to the 1300s the Netherlands has a strong tradition of farmers co-operating to reclaim land and intensify agricultural production (Ven, 1993).
4 Experiments for “Ruimtelijke Ordening en Milieu” (so-called ROM-projects).
5 Projects within areas appointed as ‘Waardevolle Cultuurlandschappen’ (so-called WCL-areas).
the members. However, the initiatives fall into four categories (Informatie- en KennisCentrum Landbouw, 1999):

- Nature and landscape management.
- Lowering nutrient surplus and the impacts of pesticides.
- Developing farm tourism.
- Developing production and the sale of region-specific food products.

The majority of projects relate to nature and landscape management, for example drawing up nature management plans for individual farms and local areas or engaging in specific actions to manage the population of meadow birds (VAN-Waterland, 2000). This is reflected in the fact that a number of environmental co-operatives named themselves “nature organisations” (natuurvereniging). However, the objectives and projects of most environmental co-operatives do extend to other issues (Woerkum and Aarts, 1998; VAN-Waterland, 2000; Velvanla, 2003).

In addition to the activities focusing on projects, the environmental co-operatives engage politically in developing alternative income possibilities for farmers, and promoting increased flexibility in public regulation. The results are apparent for example in the recently developed nature and landscape management scheme “Programma beheer”, which includes a new measure for collective nature management agreements and finance for developing the organisations (Ministerie van Landbouw, 2000). The contract is to be signed collectively by a group of farmers, and the farmers are free to distribute the obligations (e.g. a specified number of hectares with activities related to meadow bird protection) among themselves. The subsidy scheme is part of the Dutch Rural Development Programme, which is approved and partly financed by the EU. This has proven problematic, because the EU is unwilling to certify organisations as contract partners and the Ministry of Agriculture, Nature management and Fishery is currently seeking a solution to the controversy (Ministerie van Landbouw, 2002).

Evaluations of the activities of environmental co-operatives have, until recently, focused on process-oriented achievements (Informatie- en KennisCentrum Landbouw, 1998; Informatie- en KennisCentrum Landbouw, 1999). The evaluations point out that farmers have increased self-confidence and positive expectations for the future. Through formal and informal contacts the co-operatives function as a common focal point for a variety of interests in the local area, and the co-operatives catalyse innovative ideas adapted to the local context. In relation to public regulation farmers are more motivated to implement regulations when they have participated in the formulation of the objectives and methods used. Monitoring the substantial environmental effects of the activities is not as yet well developed. However, in the case of the environmental co-operative VAN-Waterland (situated north of Amsterdam) a positive effect on the
number of meadow bird and plant species related to permanent grassland has been identified (VAN-Waterland, 2000).

Institutional considerations

Environmental co-operatives have existed for approximately ten years, and have established themselves as an important factor in the political arena in the Netherlands. In the western part of the country the umbrella organisation “In Natura” was formed in 1998 to safeguard the interests of the environmental co-operatives in the region (In Natura, 2000), and similar organisations have developed in the north, south and east of the country during 2001 and 2002 (cf Noordelijke Land- en Tuinbouw Organisatie, 2003; Velvanla, 2003). Moreover, the national farmers’ association has recently acknowledged the important role of the environmental co-operatives, and is engaging in closer cooperation with the regional umbrella organisations (In Natura, 2000; Noordelijke Land- en Tuinbouw Organisatie, 2002).

Most environmental co-operatives organise themselves as co-operations or associations based on formal membership, an executive committee and a number of project groups related to specific projects or tasks (Informatie- en Kennis-Centrum Landbouw, 1998). The majority of environmental co-operatives consist of farmers, though some do include other local actors (e.g. nature organisations) as members. In addition, some environmental co-operatives employ a person to co-ordinate projects and to be the daily point of contact for members, public authorities and interest organisations (figure 1).

Figure 1. The local organisation of environmental co-operatives.

Both public authorities and members of the executive committees of environmental co-operatives point to the fact that environmental co-operatives need to
have a professional organisation if they are to become reliable partners for the public authorities (Benedictus pers. comm., 2000; Jonge pers. comm., 2000; Zwetsloot pers. comm., 1999). Executive committee members emphasised the problems confronted when all organisational work has to been done on a voluntary basis. Initially the work was inspiring and encouraging because of the favourable attention and positive attitude directed at environmental co-operatives and their activities (Benedictus pers. comm., 2000). Today the pioneer environmental co-operatives face the problem of consolidating themselves and the need to develop already established relationships and activities. In this situation having an employed co-ordinator is important, but not all environmental co-operatives can afford this. Whereas the public authorities were enthusiastic about the work of environmental co-operatives during their pioneer phase, this once-positive attitude is now conditional on their ability to document substantial results in terms of environmental outcomes. In the initial years emphasis was placed on the process achievements (e.g. mutual understanding and respect between involved parties). Today the public authorities want to engage in mutually binding contracts with environmental co-operatives on activities directed towards substantial environmental results (Zwetsloot pers. comm., 1999; Ministerie van Landbouw, 2002). However, this approach is still to be developed.

Case 2: Planting associations in Denmark

Hedgerow planting has a long tradition in Denmark, dating back to the 1700s (Kjærgaard, 1991). However, the first Danish planting associations were formed in the late 1800s. By 1930 there were 71 associations throughout Jutland and a few also in Zealand (Fritzbøger, 2002). During the 1930s, storms caused severe soil erosion, particularly in Western Jutland. Many new planting associations were consequently formed and had their most active period in the following 20 years. This period of high activity was then succeeded by a period of decreasing activity. In the mid-1970s the planting associations were revived, and additional associations were formed particularly in Eastern Jutland and Zealand (Fritzbøger, 2002).

Emergence

The formation of planting associations was closely related to changes in agricultural land use on the outwash plains of Western Jutland. During the late 1800s and early 1900s large heath reclamation projects were conducted, and the sandy soils of the former heath became increasingly subject to wind erosion. Until the mid-1930s most hedgerows were planted by individual farmers (Fritzbøger, 2002). However, in 1937 the so-called “Flying Corps” was established as a public-private partnership. The Flying Corps had the dual purpose of combating
high unemployment and preventing soil erosion through planting new hedgerows and forests (Olesen, 1979; Knudsen, 1983). If farmers wanted to benefit from the work of the Flying Corps, they had to co-ordinate their planting activity within local areas. This was part of the contract with the Flying Corps, because co-ordinated activity was needed to effectively prevent soil erosion and enhance the microclimate for crops on the former heath lands (Knudsen, 1983). Having planted hedgerows in one region, the Flying Corps proceeded to new locations. The Corps was abolished in 1963, mainly due to the reduction in unemployment. Consequently, the planting activity decreased (Fritzbøger, 2002).

The re-emergence of planting associations in late 1970s was induced by several factors. Most hedgerows planted by the Flying Corps consisted of spruce (Picea glauca or Picea sitchensis) planted in one or two adjoining rows. These species have a lifetime of approximately 50 years (Knudsen, 1983). Degeneration of the trees was accelerated by Heart-root fungus disease, which caused damage to the roots. Thus, by the late 1970s a number of hedgerows were in a poor condition, and substitutes were needed to prevent wind erosion (Knudsen, 1983). In 1975 a subsidy scheme was launched with the objective of planting and re-planting hedgerows through planting associations (Olesen, 1979). Once again co-ordination of hedgerow planting was promoted to ensure optimal shelter effects, rationalise the planting activity and make the subsidy administration less time consuming for the public authorities.

However, apart from the well-known shelter function, the other benefits of hedgerows (e.g. creating habitat for wildlife) became increasingly important in the promotion of hedgerow planting. In order to achieve multifunctional hedgerows with a long lifespan, the new hedgerows comprised of deciduous trees and shrubs planted in a minimum of three adjoining rows (Olesen, 1979; Knudsen and Vestergaard, 2001).

Achievements of the planting associations

Each year since 1976 a fixed subsidy (32 mill DKR for 2000 ~ 4.3 mill Euro) has been allocated for planting hedgerows through planting associations. Apart from the subsidy for planting hedgerows, public funds are also used for advisory services and research activities, the planting associations being authorised to allocate the subsidy among them, and to administer the payments with little intervention from public authorities.

The subsidy allocated for planting hedgerows has basically remained stable, although the shifting political climate has at times threatened the subsidy scheme. In 2001 it was suggested that the subsidy be abolished. After intense negotiations the subsidy was retained at an amount of 20.6 mill DKR for 2001 and 20.7 mill DKR for 2002. The exact amount allocated to hedgerow planting in the coming years is not yet agreed upon, though it is expected to be lowered to 15.9 mill
DKR by 2005 (Knudsen pers. comm., 2002). In addition, the proportion of costs that may be covered by subsidies has been lowered from 50-60 per cent to 40 per cent in 2001 (Landsforeningen De Danske Plantningsforeninger, 2003).

Supported by the subsidy, planting associations have initiated and kept up planting activity (approximately 1000 km hedgerow each year since 1976). During the 1970s and 1980s most hedgerows were planted in Jutland as substitutes for the plantings made by the Flying Corps (Fritsbøger, 2002). However, in recent years planting activity has extended to the loamy soils of Eastern Denmark (figure 2). were the problem of soil erosion is less urgent but where the agricultural landscape is more open and the uncultivated elements are poorly connected

**Figure 2.** The development of planting activities in Denmark, 1996-2000 (based on data from the National Board of Shelterbelt Planting (NBSP)).

**Institutional considerations**

Planting activity is co-ordinated and developed through an institutionalised national framework (figure 3). The local planting associations consist of local farmers, who at a general assembly elect an executive committee to co-ordinate the planting activity within the local area. A planting association consists of at least 20 persons planting a minimum of 20 km of hedgerows in one year. The executive committee is represented in one of ten regional groups, which in turn is
represented in the National Board of Shelterbelt Planting (NBSP). Based on
time-schedules made by the regional groups it is then decided in which year each
local planting association may receive a subsidy to finance hedgerow planting
(the so-called ‘planting rounds’).

**Figure 3.** The national framework related to subsidised hedgerow planting in Denmark

The NBSP is a private non-profit organisation, being responsible for the
distribution of the subsidy and the proper use of the public funds. When farmers
plant hedgerows through planting associations they are assisted by authorised
advisers, and authorised contractors do the actual planting and three maintenance
years. The authorisation is made by the national board, based on recommendations
from the local planting associations and the regional groups. As part of their
activity the NBSP maintains close relationships with the Danish Land Develop-
ment Service (DLDS), which employs most of the advisers and contractors used
by the planting associations (Landsforeningen De Danske Plantningsforeninger,
2002). In addition, advisory services related to agricultural production are repre-
sentated in the NBSP and in the regional groups.

Standard hedgerow designs, planting routines and maintenance practice are
developed through professional dialogue at the national level with the NBSP and
its committee for research as the primary forum for discussion. The national
institutionalisation of hedgerow planting has proven successful, insofar as many
well functioning hedgerows have been established, and the subsidy has been
stable for a number of years. Today the planting activity is established practice
nation-wide, and the role of the local planting associations is now primarily an
administrative one, as little encouragement is needed to make farmers plant
hedgerows (Fritzbøger, 2002; Busck, 2003). In order to rationalise the organisa-
tion, local planting associations are currently being encouraged by the national
board to merge at the municipal level (Knudsen pers. comm., 2002).
However, planting activity has recently been challenged by the reduction in public subsidy, and the framework for planting hedgerows is now being discussed (Knudsen pers. comm., 2002). A case study of the interactions between farmer, hedgerow adviser and the executive committee of the local planting association revealed that the current planting activity is characterised by routine and a minimum of dialogue between actors at the local level (Busck, 2003). Farmers decide individually where to plant hedgerows and often a standard design of hedgerow is used. Moreover, as hedgerow planting has become a matter of routine, the potential for spatial coordination and for the use of the local planting associations as forums for dialogue concerning improvements in local landscape assets, is not being fully developed.

Discussion

Dutch environmental co-operatives and Danish planting associations represent two different examples of farmer groups engaging in landscape management. Based on these experiences, two important themes emerge when discussing the relevance of co-operative approaches to landscape management. One is the relationship between the private organisations and public authorities, in particular the delegation of decisional power, and second is local collective commitment, particularly the local anchorage of activities.

The relationship between private organisations and public authorities

The Danish planting associations are organised within a national framework, which is professional, achieves substantial results (numerous vital hedgerows) and has the confidence of the public authorities. The organisations has been delegated the responsibility for implementing the public scheme for hedgerow planting, with little public intervention. This delegation includes the administration of public funds, and the authorisation of advisers and contractors.

However, the framework is focused on one specific activity and dependent on one single subsidy scheme, and therefore the planting activity and the organisation would disintegrate if the subsidy were abolished. At the same time, the delegation of decisional competence and the close relationship between the planting associations and the implementation of the subsidy scheme implies that the NBSP is an essential partner for the public authorities. By virtue of the close national co-operation between NBSP, the DLDS and the farmers’ advisory services, the NBSP has become an important and indeed a powerful agent. As such it influences the design of subsidy schemes, and has been able to prevent the recently suggested abolishment of the subsidy.

An unintended consequence of the success of the planting activity, and the lack of public intervention may be that the public authorities and the politicians
direct their attention towards other issues and lose interest in planting activity. Thus its essentially “uncontested” success may very well become a threat to the established framework of hedgerow planting. When public funds are to be distributed the subsidy scheme for planting hedgerows may be given a lower priority because public attention is now focussed elsewhere. Therefore the NBSP and the local planting associations may need to change their mode of operation in the future, in order to maintain public interest in the planting activity. During the last few decades the objectives of planting hedgerows have changed. The former emphasis on the shelter function in relation to agricultural crop production is today replaced by a spectrum of motivations, encouraged by the general public attention to the non-production values of the countryside. However, the organisation and mode of operation of the planting associations have not changed accordingly. Currently, the NBSP have started urging the local planting associations to invite people other than farmers to become members of the associations. This is an attempt to include more perspectives in the decision-making and to involve more stakeholders in the planting activity (Knudsen pers. comm., 2002). Another recent initiative is the development of so-called “collective nature plans”, which broaden the objective of the planting associations to include activities other than hedgerow planting (Jørgensen et al. unpub. Knudsen pers. comm., 2002). Both initiatives may prove to be important first steps in the transformation of the planting associations and their activities.

The Dutch environmental co-operatives are in a very different position. When they emerged, the national farmers’ association was not willing to negotiate with the public authorities on landscape management issues. The environmental co-operatives therefore achieved public attention, sympathy and public funds. An important motivation for the public authorities in this respect was to encourage the development of alternatives to the traditional “top-down” approach to public regulation. Today the public authorities have sharpened their tone towards the environmental co-operatives, demanding mutually binding contracts with measurable environmental results. In response to this demand the environmental co-operatives are evolving into professional organisations. In addition, the environmental co-operatives are organising themselves into regional umbrella organisations in order to regain political attention and power.

Like the planting associations the environmental co-operatives have achieved influence on the design of subsidy schemes. However, in contrast to the planting associations, environmental co-operatives are not associated with specific public funds, and they are not delegated extended decisional power to administrate and implement subsidy schemes. This implies that environmental co-operatives expend significant efforts on attracting funds for their activities. On the other hand they are less vulnerable to changing policies, because they attract funds from a variety of sources.
Local anchorage and commitment

The Dutch environmental co-operatives have emerged from local engagement and dialogue. They are based on internal dialogue amongst their members, and external contacts with local stakeholders to identify problems and develop solutions, which are adapted to the local context. Regional and national frameworks have only recently been established. The level of local commitment was profound in the beginning, and innovative solutions to environmental problems have been developed (Noordelijke Land- en Tuinbouw Organisatie, 2002). Today, some environmental co-operatives are struggling to consolidate themselves, and the farmers, who were active during the pioneering stage, want to be relieved from the time consuming work of the executive committees. The dependence on the voluntary commitment of the members makes the organisations vulnerable, and in response, some environmental co-operatives have successfully employed a co-ordinator to solve the problem. In some cases, though, this has had the unintended consequence of changing the members’ perception of the environmental co-operative. The co-operative becomes a service agent for members (e.g. as fundraiser), instead of a forum for co-operation between local actors (Edel pers. comm., 2000).

As with the environmental co-operatives, the emergence of planting associations was based on local commitment, and on an immediate need to cooperate. In the beginning the existence of “fiery souls” was essential in order to encourage and co-ordinate the planting activity. Today planting hedgerows is an established practice, and little local encouragement is needed. The level of local commitment has become individualised, and the membership of a local planting association is reduced to a formal precondition for receiving a subsidy. Dialogue concerning the objectives of planting hedgerows, the design of hedgerows etc. is most profound at the national level or in the contact between hedgerow adviser and the individual farmer. Commitment and dialogue related to the local scale is rare, and the potential of spatial co-ordination across property boundaries remains under-developed. The recent development towards merging planting associations at the municipality level may even prove negative in relation to stimulating a local dialogue, as the extended area to be covered by a single association may prove to be difficult for local actors to relate to.

Conclusion

This analysis elucidates the balance between substantive environmental results, the process of involving relevant stakeholders, and developing ideas and mutual understanding among the public and private parties. All are important elements when evaluating the achievements and relevance of farmer groups in cooperative approaches to landscape management. The initial focus of a farmer
group may be of a substantial environmental, or a process-oriented nature depending on the context in which the organisation emerges. The emphasis, however, may need to be changed at a later stage in order to redress the balance as and where necessary.

Secondly, it is shown that the activities of the farmer groups need to achieve a professional and institutional profile if the public authorities are to delegate decisional powers to such groups. Such delegation is an essential aspect of cooperative approaches. However, a high degree of delegation may have the drawback of the public authorities subsequently losing interest in the activity of the farmer groups. In addition, a professional organisation may fail to encourage a culture of active, committed involvement on the local level, as activities become characterised by routine.

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Local partnership in rural policy implementation

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Introduction

Local development policies in Finnish municipalities have changed significantly since the early 1990s. Indeed, Finnish municipalities are now increasingly faced with the need to adapt to new methods of governance in rural and regional policy.

The change, precipitated primarily by the EU, implied a transition from traditional, sectoral and hierarchical policy-making towards new decentralised and horizontal ways of making local policies. An essential change is the emergence of new local partnerships for rural development, which are moving the practice of local policy-making “from government to governance”.

Another driving force in the creation of such new forms of governance can however be seen to emanate from the realm of national politics. After a period of economic recession at the beginning of the 1990s conventional measures and centralised solutions seemed insufficiently able to guarantee social and regional welfare or an adequate level of employment. The new understanding was that the public sector was no longer able – on its own – to provide for the entirety of all public welfare provision. Changing ideas on the role and functions of the state led to a new kind of strategic thinking within Finnish administrative circle, and thus also to the reform of the functional structure of the public sector. Within this new governance structure, the municipalities, who used to implement statutory guidance principles, were now expected to internalise co-operation and partnership across administrative boundaries and to perceive their role in regional development in much wider terms (Vihinen 2001, 84). This is a significant challenge for them.

In consequence it can be seen that Finnish municipalities now have a better opportunity to exercise autonomy. Notwithstanding this however, given the simultaneously diminished level of financial resources made available to them, circumstances are currently not favourable for the local implementation of rural policy. Decentralised governance tends to cause substantial spatial unevenness among municipalities because of the varying local social and economic contexts. Besides, municipalities have often had too strong an interest in partnership creation, often even where it was at odds with the original notion of partnership.
Kahila (1999) argues that municipalities are still adhering to traditional sectoral forms without fully understanding the new environment and the importance of endogenous development. Partnership is clearly emphasised in municipal development plans, but implementation is still poor because this new way of thinking and doing is still being internalised (ibid.). Similarly, Sotarauta et al. (1999) note that although the new co-operation forms have become common, the actors’ way of thinking and “know-how” concerning the new practices have not yet developed to the same extent. Although partnerships are basically seen as a potential and desirable way of promoting local development, the old administrative structures, the lack of information, and human related issues all seem to hinder the conversion of partnerships into practice and the widening of such co-operation as is ongoing to the more sensitive and important “strategic issues” level.

Finnish municipalities take part in several types of partnership structures at the local and sub-local levels. In some fields of activity, sub-regional co-operation between municipalities is not a new issue at all. For many years in fact Finnish municipalities have been obligated by law to co-operate in health care and over land use. However, our focus is not on the statutory duties, but on the voluntary co-operation forms now emerging at the local and sub-regional levels. Thus far, sub-regional co-operation has mostly concentrated on local economic policy, which derives partly from the establishment of the sub-regions by law in 1993. Local economic policy is usually implemented by public development companies owned by the municipalities in collaboration with educational institutions, business enterprises and other local actors.

In the current political and administrative context the municipalities are thus performing a tricky balancing act between the performing of different kinds of duties, some of which are more binding than others. In contrast to the issue of statutory duties, responsibility for regional development is much more open to local interpretation. This paper is based on a research process where we try to identify both the opportunities and the obstacles to the progress of these new local partnerships. The empirical study is conducted in four rural municipalities in southern Finland. The research material consists of thematic semi-structured interviews of the various partners in such local partnerships within the chosen municipalities. At the current time of writing however only the preliminary results of these case studies were available for inclusion in the discussion.

The aim of the paper is to examine the phenomenon of local partnership in rural policy implementation, its background, potentials and problems. The article begins with an examination of “partnership” as a policy approach in the wider context of new rural governance. After which we will briefly highlight the possible problems with partnerships in rural areas, as well as the preconditions for successful partnerships. The third section deals with the current setting of
rural policy implementation in Finnish municipalities by describing the current trends in local development policy thinking and the recent policy changes and their implications at the municipal level. In the last section of the paper, we will identify some critical partnership aspects and potentials, based on the findings of our case studies.

Partnership as a policy approach in new rural governance

Partnership as a policy approach refers to combining public sector support with efforts made in the private and voluntary sector and thus trying to facilitate cooperation and the formation of collective strategies. The idea of partnership is that all stakeholders should be involved in the development work. One may say that it reflects more general changes in the way of seeing world and in the efforts to find appropriate solutions for social problems (Vihinen 2002, 79). On the one hand, broad supranational phenomena, such as globalisation through free trade, social exclusion and terrorism require trans-national, even global action, but on the other hand, there is a growing need to deal with emerging problems on a regional or local level. Flexible, integrated and strategic regional responses have increased in relevance and consequently, regions and districts now attract ever more responsibilities in dealing with development work. The new operational environment thus underlines the role of the partnership.

In effect, the multi-sectoral idea of partnership is crucial to the new rural and regional policy thinking, as it is seen as one of the most promising ways of coping with the simultaneously globalising and localising world (see Tavistock Institute 1999). Partnership is a means through which regional and local actors to develop territorial integration and articulation. Partnership has also been seen as a means to build regional capacity and “value added” by bringing new dimensions of flexibility, co-ordination and embeddedness (Tavistock Institute 1999.)

The intensification of expectations with regard to the notion of partnerships can be seen as an implication of the ongoing changes in the governance of rural areas. The increasingly complex world requires growing interdependence and cooperation between a wide range of actors each bringing specific sets of skills and resources into the co-operation process. Along with the new governing styles the boundaries between, and within, the public and private sectors have dissolved and correspondingly, the interconnections between the public sector, civil society and the economy have become ever more indispensable. As Goodwin (1998) puts it, the idea of governance comes close to the idea of partnership; governance is an interactive process occurring between ranges of organisations, drawing attention to the difficulties of negotiating shared goals and agendas.

Governance and partnership also signify the endogenous character of development. Again, integrated “bottom-up” perspectives stress the role of social net-
works, the consciousness of territorial identity and institutional thickness as enabling elements towards successful regional development (Murdoch 2000; Ray 1998; Ray 1999; Day 1998). On other hand, it is argued that one way for the regions and localities to cope with supra-national economic trends is to simply “climb aboard”. This regional growth strategy is based on the view that the success of rural localities emanates from the growth of the centres. However, the governance of rural areas in accordance with this centre based regional development thinking is highly disputed (see Rosenqvist 2002).

New rural governance refers to the various ways of dealing with the current social and economic forces influencing rural areas. The governance of rural areas, indeed, is a multi-dimensional phenomenon with complex set of power relations and varying aims from the promotion of regional competitiveness to the improvement of democracy and the increased participation of local actors. Accordingly, in recent years rural analysts have increasingly paid attention to the governance of rural areas to outline their dynamics and to explicate how the new modes of governance are confronted by local circumstances (e.g. Goodwin 1998; Jones and Little 2000; Marsden and Murdoch 1998; Woods 1998; Ward and McNicholas 1998).

Firstly, the rural governance perspective and partnership formation turn our attention to the changes in the roles of local actors. According to Goodwin (1998) the concept “enabling government” illustrates the new operational model, which refers to the notion that the new governance approach not only changes the tools of governance, but also their meaning. Evidently, the changes concern the local authorities in particular, both civil servants and local elected representatives. The role of the new governance model is to identify stakeholders and develop and reveal the opportunities and linkages for them and to bring stakeholders together to act for themselves. Goodwin emphasises the social production perspective; new rural governance is about social production, not about the social control. Local actors are facilitated into form partnerships to gain a capacity to act – a power to […], not a power over (ibid.).

Woods (1998) has analysed the changing role of elected local government. He argues that along with the new rural governance process elected local governments have been forced to re-imagine their roles. In the British context with the shrinking autonomy of locally elected authorities, the role of the locally elected government is moving from that of provider to enabling authority. The role of locally elected government is, according to Woods (ibid.), similar to that of a pressure group lobbying central government, private corporations, the European Union, non-elected bodies and other local actors with the power of the locality on the behalf of the people who elected them. Consequently, acting as a pressure group, the power of local government depends on the resources and networks linking the elected authorities to the wider global context. Acting as a pressure
group may also be a way in which elected authorities to legitimise their political power and influence within localities (ibid.).

In this respect as Olsson (2000a, 33) notes, the different kinds of contacts by elected representatives may be very useful in resource mobilisation. Thus, to exercise power elected officials are supposed to create new networks oriented around new objectives. This may also mean that elected officials start purposefully to create better preconditions for the non-governmental organisations to take more responsibility for welfare provision. However, the representation of elected representatives in partnerships seems to depend on their private activity and personal inclinations in rural affairs (ibid.). Though, new co-operative forms and partnerships may of course offer tempting opportunities for elected representatives to gain publicity and to create something visible in their localities (ibid.).

Local community involvement can be seen as a second crucial aspect in the governance of rural areas. Day (1998) argues that successful local development must grow out of local social interactions and experiences. However, rural settings bring extra challenges when efforts are made to promote community participation. In contrast to the local municipality personnel, for whom partnership participation is usually part of their professional duties, the rural community groups have to make an extra effort due to their inherent lack of experience and expertise. In addition, the format and language in partnership practices more often resembles those of the private than public sector (Jones and Little 2000). In rural areas, where paternalistic and “non-political” traditions may be dominant, there may be also a tendency to involve only key actors in the new structures of governance and to marginalize the wider community (Goodwin 1998).

Despite the ultimate aims of partnerships being to complement other forms of democracy, they may increase the actual power of existing local elites at the expense of disadvantaged and excluded groups, who may actually have a better opportunity of being heard through traditionally elected bodies (Westholm 1999, 20). Again, those who have been involved in local partnerships have mostly been newcomers in this area, while the indigenous people and the target groups for social and economic regeneration tend to shut themselves out (see Rannikko 2000, 50-51). As a result, the local administration may easily remain the biggest actor in terms of resources, expertise and commitment (Jones and Little 2000).

The preconditions for successful partnerships

Given the prevailing circumstances in rural areas, the creation of a partnership does not necessarily guarantee that regional capacity will increase or that local development will be enhanced. As human agency is regarded as an important motive force in co-operation (see Ray 2000), the partnership may become overly dependent on the contribution of individual personalities. The human factor is
particularly important in newly formed partnerships, which are for the first time forming their own practices and systems, and which do not have former structures to rest against (Tavistock Institute 1999, 54). If the partnership is formed only for specified tasks, there is also a risk that partners do not commit themselves fully to co-operation, and the partnership may thus be only short-lived. In addition, municipal civil servants, who usually have agendas of their own, may believe that they could save public money by remaining outside (see Larsson 2000, 8).

In rural areas the breeding ground for partnership and for the new governance structures is also usually biased by the thinness of the private sector. Depending on the scale of private institutions the contribution of private sector may vary dramatically. If such actors exist, they are not numerous and their resources and expertise are modest (Jones and Little 2000, 178-179).

Partnership is usually regarded as an instrument that broadens rather than one that narrows democracy (Olsson 2000b, 50). However, if the delegation of mandates is not clear, the strongest partners may essentially usurp executive power. Hallin (2000, 20) terms this a small partnership, which is usually built around access to financial resources. As the idea of partnership attracts general sympathy, it may easily be used as a tool of empty rhetoric (Westholm 1999, 14). Partnerships may also be established for more tactical reasons, as a means of chasing sources of financing (Jones and Little 2000, 181). Moreover, partnership creation is usually a learning process, as it takes time, personal skills, strategic planning and network creation to be fully adaptable.

Recent studies demonstrate significant variations in rural and regional policy implementation based on partnership (Westholm 1999; Edwards et al. 2000; see also Katajamäki et al. 2001, 27.) Consequently, rural researchers have thus outlined a number of common criteria that partnerships should seek to fulfil in order to be effective and fully adaptable to local needs. Hellström et al. (2001) subsequently defined four factors that should be taken into account in successful partnerships:

1. Partners should share a common view of regional development in their area and of the aims of the partnership.
2. The roles of each partner should be clearly expressed. Partners should also have the authority granted by their principals. Partners have to be able to ensure, on a trust basis, that every partner will manage their own tasks.
3. Partners must be driven by their own desire to come together and to commit themselves to participating in the partnership. One expression of this commitment is that partners be willing to allocate money to the common goal. Moreover, the elected (municipal) representatives should acknowledge the partnership.
4. Those who are managing the partnership should have legitimacy and competence in process management. This relates in particular to the municipal officers.

The setting of rural policy implementation in Finnish municipalities

The need for genuine co-operation forms

Since the 1990s Finnish public administration has functioned under the doctrine that public bodies should not produce goods and services, but instead should create preconditions for other – i.e. private – actors to do so (Rannikko 2000, 52). Problems in public sector financing and cumbersome administrative procedures have however motivated the extension of partnerships to different fields of local public policy. Thus particularly in terms of service delivery, new co-operative forms are now seen as a potential remedy to the problems of municipal economies (Suomen Kuntaliitto 1999; Suomen Kuntaliitto 2001).

According to current trends in regional policy thinking, local economic development relies more and more on the competitiveness of regions, and in particular on their own strengths and capabilities. Development at municipal level is increasingly influenced by the dynamics of the broader regional economy. Decisions concerning the location of jobs and places of residence are often decided upon within the sub-region. Under these circumstances a single municipality is doomed to be too small a unit to carry out successful local development policy by itself (Aronen 2001, 22.).

Very often the driving force behind local partnership formation is the fact that the success of a municipality often depends upon the success of its local private enterprises. Given EU competition rules, the enhancement of local economic life can no longer be based on corporate subsidies to enterprises. What remains is investment in the institutional and structural basis of the region (Lakso 2000). The particular role of the municipality as an enabling actor thus potentially strengthens the partnership approach in rural policy.

From a partnership point of view, Finnish municipalities have the potential to encompass rural development in many ways. The variety of activities pursued by the municipalities in the economic and development sphere indicates their strategic importance (Uusitalo 1999). The municipality is the basic administrative unit of regional development and the closest partner of villages and groups of entrepreneurs in local development (Uusitalo 1995, 125). They have wide experience in implementing local development policies with the assistance of central government (Kahila 1999, 77). Many of the indispensable partners in local economic policy, such as local communities, non-governmental organisations, entrepreneurs and local authorities, function within the municipal area,
which facilitates the formation of new co-operation structures. While new working methods and learning processes are under construction it is also noteworthy that in small municipalities local government is a significant employer of experts who have completed higher education courses.

A special feature exists in the horizontal relationships between the local authorities and voluntary organisations in Finland. Kautto and Heikkilä (2001, 48-49) note that there is no clear boundary between the public sector and civil society in horizontal relationships, they have co-existed at local level to a certain degree for decades. While municipalities have exercised far-reaching responsibility for citizens’ welfare, voluntary organisations have also participated in providing local activities and services. However, the voluntary sector has never challenged the role of the municipality as a service provider. In social policy, in particular, the voluntary organisations have been rather wealthy and influential, but at the same time dependent on the state via numerous interlocking financial and administrative ties (ibid.).

Co-operation between municipality and surrounding villages takes place mostly within the projects financed by local action groups (LAGs). Since accession to the EU, Finnish municipalities have participated in LAGs etc. by financing the projects and in some cases managing them. According to the LEADER+ programme, the municipality is a member of the executive committee of the LAG. The municipality representative may be an elected representative, a civil servant or the head of the municipality (Maa- ja metsätalousministeriö 2000). The LAGs have thus brought a new dimension to local development policy, as they are in possession of independent funding measures (Kahila 1999, 79).

Policy changes and their implications at the municipal level

Given the changes in the approach to regional policy thinking and EU accession, there have been several alterations in the status and procedures of the Finnish municipalities. In general, Finnish municipalities have a wide scope to practice independent and local development policies and they carry considerable weight in the Finnish administrative system (Kahila 1999, 75). According to the 1995 Law on Municipalities, Finnish municipalities have the primary liability to promote sustainable development as well as their resident’s well being. As with Nordic administrative culture more generally, which emphasises the independence of local self-government, Finnish municipalities are not subject to the state authorities in hierarchical terms, but the right of the state to guide and control must always be based on specific acts (Vihinen 2001, 82). However, in reality municipal autonomy has proved to be a chimera at best. Although municipalities have visible autonomy with the right to levy tax and of course through local democracy, more often than not they have played out the role of the imple-
menters of central government policies; the vertical relationship to central government has thus over time proved to be rather efficient. That is often termed “the Nordic paradox” (see Kautto and Heikkilä 2001, 48-49).

As far as municipal taxation is concerned councils decide independently on their own income tax rates. The authority of local councils is however quite considerable: two-thirds of the Finnish public purse is spent by them (Uusitalo 1999, 57). Most of the expenditure of local authorities and joint municipal authorities arises from the provision of basic community services, such as health care and social sector responsibilities. In order to carry out their statutory responsibilities, municipalities need permanent subsidies from the state. Government grants account, on average, for 14 per cent of the income of the municipality (Oulasvirta and Brännkärr 2001, 108).

During the 1990s several reforms influenced the municipal economy and increased instability and differentiation between municipalities. One central factor undermining the income basis of municipalities has been the reform of state subsidies. The state transfer system was revised in 1993 and updated again in 1996 and in 1997, with cost-based subsidies being replaced by calculated payments (Vihinen 2001, 82). Simultaneously, state subsidies were also diminished due to the need for savings in the state economy. Owing to these reforms the role of the state as a financier of municipal services lessened permanently.

Other significant factors effecting the operational environment of the municipalities have been the development of corporate taxation and the distribution of corporate taxes in 1999. Corporate tax was revised so that the tax revenue now depends more on the location of enterprises and the number of jobs in municipality. Given these tax changes, the local economy now has a more direct effect on municipal finances (Suomen Kuntaliitto 2000, 10). These tax reforms are expected to encourage the municipalities to become more interested in developing their own local economic policy, as they are now more vulnerable to private sector decision-making than ever before (Vihinen 2002, 81). Thus far, the changes in corporate taxation have in most cases both decreased the amount of corporate tax revenue and made it more difficult for rural municipalities to predict such revenue than before. It is also argued that the development of corporate tax may induce competition between municipalities as they try to attract new enterprises to their own areas (Suomen Kuntaliitto 2000, 10).

Local authorities were given more independence by the New Local Government Act in 1995. In conjunction with the new criteria for state subsidies the Municipalities Act aimed at improving the ability of the municipalities to allocate their resources and to reduce detailed control from the central administration (Vihinen 2001, 82). Although changes during the 1990s were supposed to make municipalities more substantial actors in the implementation of regional and development policies, the real outcome of the changes has proved to be quite
modest due to the generally perilous state of municipal economies. A such, it could be argued that reductions in state grants have prevented municipalities from taking advantage of their extended manoeuvring space (Kahila 1999, 75).

The reform of state subsidies has thus altered the position of the municipalities, particularly in remote areas, where the decline in, and ageing of the population is most intensive, and thus in such areas it has become more difficult for the local authorities to take care of their legal duties (Maaseutupoliitikan yhteistyöryhmä 2000, 63). Uusitalo (1999, 57) points out that the statutory tasks of local authorities are so substantial that due to the limited level of resources available they have been managed at the expense of non-statutory tasks, such as the implementation of local economic policy. Indeed we can now see the distinct possibility that that several rural municipalities may run into debt in the coming years. Local economic policy may also differ due to the different circumstances and traditions of co-operation. For example, ongoing development towards the creation of an “information society” have been most intensive in areas that already practise effective local economic policy (Wuori et al. 1999, 163). As huge disparities exist in terms of the capabilities of different municipalities to take advantage of new opportunities and of the altered income basis, it is assumed that the development of Finnish municipalities will become even more differentiated in the future. (Vihinen 2001, 83; Maaseutupoliitikan yhteistyöryhmä 2000, 62-66).

Historically, Finnish regional administration has been characterised by the absence of regional government: instead, we have seen both strong central government and strong local government (Tavistock Institute 1999). As with so many other countries, the implementation of the EU Structural Fund programmes in Finland has been led predominantly by the public sector (Tavistock Institute 1999; Virkkala 2002; Grönqvist 2002). In 1997 the state finally had to establish regional state offices, making them responsible for the allocation of the Structural Funds financing. These so-called, Employment and Business Development Centres, control the majority of public development subsidies at the regional level. Although responsibility for programming was given to the regional authorities, final decision-making power remained in the hands of state authorities (Grönqvist 2002, 71). The State Ministries carry out certain operative duties at the regional and local administrative levels, and state officials still have the right, as well as the interest, to interfere in many issues that could be solved at the regional level (Vihinen 2002). The role of the Finnish central administration could thus be characterised as both focal and ambiguous.

However, in terms of the regional administrative system, Finnish municipalities are central to the emerging partnerships in regional policy implementation. The legitimacy of regional development programmes is based firmly upon the inclusion of the municipalities. That is seen as a special feature of Finnish
regional policy implementation (Virkkala 2002). In the Local Administration Act of 1995, programming responsibility was given to the Regional Councils, which do not have directly elected assemblies, but are actually associations of local councils (Kahila 1999, 76). Thus, the Regional Councils work on the basis of the mandate given to them via the municipalities. They have taken the form of partnership forums co-ordinating project work and dealing with project applications. According to Virkkala (2002), these regional partnerships form a link with the elected authorities in municipalities, even though the connection is indirect and remote. However, Mäkinen (2002, 195) believes, that given the compulsory membership in the Regional Councils, municipalities may easily ignore the fact that they, not the Regional Council, have the primary responsibility for local development.

Critical observations of the partnerships in four Finnish municipalities

Our empirical data is based on a series of interviews carried out in four Finnish municipalities: Orimattila, Huittinen, Tammela and Nummi-Pusula, all located in southern and southwestern Finland. Orimattila is a rural town of some 14,202 inhabitants. It is located 23 kilometres from the nearest city, Lahti, which is the centre of the Lahti sub-region. Huittinen is a rural town in the province of Satakunta with the population of 9,169. Nummi-Pusula has 5,905 residents. As the distance between Nummi-Pusula and Helsinki is only 79 kilometres, many people commute to the capital area. Tammela is a popular destination for holidaymaking, with 3,148 summer cottages, and only 6,404 permanent inhabitants. During the EU programming period 1995-1999, all four municipalities implemented the Objective 5b programme. In the programming period 2000-2006, Tammela and Orimattila were included in the Objective 2 programme, while Nummi-Pusula and Huittinen had to settle for implementation of the transitional programme with decreasing annual financing. All four municipalities participate in local development groups, which are financed either through the LEADER+ programme or by the Regional Rural Development Programme (ALMA).

In total we interviewed 23 people during August and September 2002. In addition, we also held one group interview with four people in Orimattila. Interviewees were elected officials, local civil servants, heads of municipality, managing directors of sub-local development companies and local entrepreneurs. Representatives of the LAGs were executive directors, project activators and villagers who actively participated in local development work.

Based on our investigations, the main problem with regard to partnerships from the municipalities’ point of view seems to be the fragmentation of develop-
ment projects. From the perspective of the elected representatives in particular, the development work implemented by partnerships appears to be mosaic-like in nature with several projects and numerous project applicants from different kinds of development fields. Moreover, the unpredictable results of partnerships have attracted criticism in local councils. Given the tight restrictions on municipal purse strings, some elected representatives became impatient waiting for the concrete results of partnerships to emerge, and when such results did finally emerge, the same individuals were invariably disappointed. The situation is most acute in projects with several participants, as in such projects achievements are dispersed and it is thus difficult to show exactly what the municipality received in return for the money invested. As a result, some elected representatives stated that the atmosphere around the projects was becoming somewhat frustrated. Although the expenditure of any single project may not be substantial, the total sum required for all development projects may easily become significant. That seems to increase levels of concern among elected representatives and civil servants, in particular over how the money allocated to partnerships is actually spent.

The poor state of municipal finances was seen as an impetus for the municipalities to prioritise the development money. Most civil servants emphasised that given such fiscal restrictions it does not make any sense for municipalities to allocate money to numerous village house projects, most of which create few if any new jobs. Some civil servants however admitted that adherence to such strict economic thinking in the municipality may appear as egoistical behaviour to their other partners. As a matter of fact, this was very much the understanding among the other interviewed partners, but at the same time they agreed that the perilous state of municipal finances forced the municipal authorities to maintain firm control of the purse strings. Nevertheless, some elected representatives stated that the local council often simply used the poor economic situation as an excuse, particularly where it does not see any benefit from financing local development projects. Our interviews support the notion put forward by Mäkinen (1999, 184), that although municipalities are forced to prioritise their assets, resource allocation is also a matter of attitude. Moreover, Swedish experience indicates that the state of the municipal economy is not necessarily the decisive factor in resource allocation (see Olsson 2000a, 35).

According to the rules of the LEADER+-programme, municipalities are expected to allocate all the money at one time. In the light of earlier studies (e.g. Katajamäki et al. 2001), we assumed this to be a critical issue in municipal decision-making. This was partly true; at the beginning of the financing period some municipalities were rather hesitant to allocate all of the money to the LAG, and instead inclined towards financing single projects. In the municipal council they found it rather odd to be giving the money to the LAG, whose decision-
making more often than not was likely to take place in another municipality. However, in one municipality the representatives noted that the granting of the money “all at once” was surprisingly easy. Behind this surprising admission however we should note the existence a trustful relationship between the municipality and the villages. The head of the municipality noted that in this case the local authorities could be sure, based on previous positive experience with village action, that the money will sooner or later come back to the municipality, as the new projects are formed and subsequently launched. Former successes then seem to be essential to the future functioning of partnerships.

Although the crucial meaning of communication was broadly recognised among those interviewed, a number of elected representatives complained of breakdowns in the flow of information during project implementation. In the worst case, the occasion when elected representatives were able to have contact with the project was the moment when the municipal council actually allocated money to it. In consequence, the elected representatives see the projects merely as items of expenditure on the agenda. Another reason for projects being deemed unattractive in some cases from the municipality point of view originates from the poor participation levels of the local authorities. When the municipality is merely limited to the role of financier, information on the effects of the partnership may not reach municipal decision makers. The participation of elected representatives, in particular, seems to rely much upon their own interests. Elected representatives were criticised for being too passive by colleagues actively participating in projects. Meanwhile, the elected representatives who were involved underlined the rewarding nature of their experiences. Evidently, it is obvious that the municipalities themselves would also gain from active participation in the partnerships. This fact was recognised by some of the civil servants interviewed – they stated that the municipalities might not always be fully aware of what successful participation really requires. Indeed, too many municipal authorities, and both civil servants and elected representatives within them, would rather just disburse money and then sit back and wait for the results. According to Grönqvist (2002), municipal civil servants would be well placed to take part in partnerships because of their professional status and higher levels of competence. In our study however it quickly became apparent that some civil servants found their ex officio position rather problematic. Within the projects themselves they have often felt it rather inconvenient to delegate duties to villagers who are not able to put in the working hours that civil servants do. It seems that participants from different sectors tend to remain unequal, even if they commit themselves to work towards common goals.
Seeking synergies between local authority and community participation

Most of the interviewees criticised the fact that local communities financed by LAGs are too preoccupied with improving the village meeting houses and the physical environment, arguing instead that actors at the grass roots level would be better to channel their energies into developing the economic life of the village, which was seen as the most promising way of supporting rural communities in the long run. One managing director of a sub-regional development company asked rather provocatively in this regard, “who will enjoy the improved surroundings in the villages if one does not have the ability to earn one’s living there?” Yet, a representative of the LAG emphasised that the ultimate purpose of the village projects is to create social capital and to increase co-operation skills, which should not be forgotten. In his opinion, the creation of concrete results, such as new jobs and enterprises, is the task of more broad based or larger scale projects managed by other partnerships such as sub-regional development companies.

However, as a whole the results of the interviews emphasise that the local development projects implemented by the LAGs are often too distant from local economic policy. The ultimate driving force in local development projects – the commitment of the local community – was thus seen as the best way to promote local economic development. Moreover, the village action managed by the LAGs was thought to be too weak and small-scale to alone promote economic development in rural areas. According to our interviewees there is then an obvious need for co-operation between the municipality and village projects to better promote rural development locally.

As earlier studies demonstrate, the problem with community participation is often centred on the lack of experience and expertise (e.g. Jones and Little 2000; Katajamäki et al. 2001). This concern was also raised during our study. One municipality has distinguished itself by hiring a special civil servant who has responsibility for all development projects in that municipality. According to the interview data gathered the number of partnership projects in this municipality has risen since this person was hired. Some critical comments were however expressed concerning this arrangement. One representative of the local LAG argued that the technical advice given by a municipal employee essentially undermines the ability of the local community to create the indigenous management skills needed for successful partnership participation. The technical consultant may unintentionally take too much of the responsibility for project management upon his/her own shoulders, and at the end of the day this may not be particularly helpful for the local community in its ongoing attempt to increase its stock of social capital. On the other hand, many interviewees accepted that the
municipality should be the project manager as far as local community partnerships were concerned, particularly where no other actor is available to pick up the baton of project management. However, as the interviewees stated, the initiative for such an arrangement should come from the local community, not from the civil servants.

The question of new opportunities for the local authorities to participate in local development work was also raised in our interviews. The strong potential role of the municipality was based on the notion that the LAGs are new actors in the area, while the municipalities are well-established institutions. According the interviewees, the role of the municipalities could become increasingly forged around their expertise and knowledge of the locality concerned. Moreover, the level of experience held by the municipalities was itself acknowledged by the villagers and representatives of the LAGs. One active villager working as a chair of the LAG said that she used to encourage project applicants to consult the municipal trade promoters, who have information and connections, which the LAG is not able to offer. Again, continuous communication with the municipality was considered crucial even for the representatives of the LAGs themselves. One executive manager of a LAG stated that ideas for project applications might even be even tested by means of municipal expertise. As such, local civil servants may also have valuable information that would otherwise not be at the disposal of the project applicants.

The interviews highlighted the role of elected representatives in partnerships in rural policy implementation at municipal level. The study highlights the elected representatives as persons who have the ability to convey information between the municipal decision-making process and the villagers themselves. Elected representatives also have the ability to promote the operational preconditions of the voluntary sector and civil society, as the municipal council may decide to create equal opportunities for third sector participation in municipal duties. However, significant variation exists between elected representatives in respect of their activity levels and also more prosaically perhaps in how they see the new governance practices developing. The notion that the voluntary sector could be viewed as some as a “romantic” notion saw a worthwhile partner, that in reality produces little in the way of financial benefit to the municipality. On the other hand, those elected representatives who fervently believed in voluntary sector participation and in active citizenship argued that voluntary sector involvement would facilitate the municipalities in their task of attending to their statutory duties. Those who supported the participation of the voluntary sector also argued for the clear financial benefits they brought with them to the municipality.
Discussion

In the preceding sections we have discussed partnership as an instrument of rural governance at the local level and the experiences of this new approach in four Finnish municipalities. The governance perspective pays attention to the ongoing changes in the forms and content of governance in rural policy implementation. The division of work and power is changing, and our research indicates that the partnership between the municipality and the surrounding rural community is a multifaceted activity, which opens up numerous potential ways of contributing to local development. As the LAGs encourage municipal expertise and are they willing to hear the opinions of the local authorities, municipal participation in partnerships could thus in future be based more explicitly on expertise and experience. However, this prospect remains a significant challenge for municipalities trying to absorb these new governance practices. Municipalities should thus become more aware of the diverse methods of contributing to such local partnerships. As the earlier studies demonstrate, one significant factor influencing the character of partnerships has been the lack of interest in rural policy by party politicians and the political system as a whole (Katajamäki et al. 2001). Indeed in the local action groups that have emerged there have been surprisingly few local politicians and party activists. To some extent this also seems to hold true for our cases.

Despite the egoistical, economy-based inclinations of municipalities, our interviews turn attention to alternative perspectives as regards local partnerships. Among the representatives of the LAGs, we found a number of diverse opinions and experiences concerning the role of civil servants, some of them indicating that the participation of local authorities may even be desirable. The contribution of local authorities to development projects is also emphasised in the earlier studies. The expectations of the municipality concerning the projects may thus help to press partnerships to achieve better results. Moreover, established cooperation forms have made project management more efficient and sufficiently clarified the delegation of tasks (Malinen et al. 1999, 45).

From the municipal point of view the most significant problems seem to be the fragmentation of the projects and their excessive concentration on the improvement of local infrastructure and surroundings. Although the projects fulfil the requirements of specific EU-programmes, this in itself does not guarantee that they will be acceptable from the municipality point of view, nor does it ensure that they will fit specific municipal development strategies. From the rural development point of view, the different kinds of partnerships should be linked to a general local development strategy, in order that single projects could be more distinctly related to local economic development needs. This may be the way to underline the importance of the projects to the local economic policy, something that was demanded in most interviews.
Although there were arguments in favour of strengthening co-operation between the municipality and other local actors, the promotion of new forms of rural governance should be considered carefully. During the period of EU-membership, regional development has concentrated on the implementation of EU-programmes, while the role and resources of national regional policy has in consequence diminished significantly. Given the current fiscal problems faced by municipalities across Finland, where basic local basic services are competing with the EU-programmes for the same money, local authorities may be tempted to use the instruments of rural and regional policy as a means of dealing with their own statutory duties. A further problem occurs here if the municipalities delegate part of their duties for welfare provision to the voluntary sector. Our interviews, in line with earlier studies (e.g. Jones and Little 2000) demonstrate that the local communities do not have equal status in these partnerships. However, the discourses of endogenous development and community involvement may legitimise municipal decisions to delegate some of their own duties to local communities and village organisations. Our interviews indeed hinted at this prospect: One head of municipality stated that those who want to live outside the population centre, should prepare themselves to take the trouble to facilitate practical living conditions (roads etc.) in those areas. This is why the legitimacy of the forms of new rural governance should be discussed openly than is occurring at present, as the new forms of governance may open up fresh solutions to dealing with local welfare provision and the promotion of civic society. Moreover, they may also turn out to be a useful means to delegate responsibilities to such local communities. Thus, voluntary organisations and other unofficial actors should be given the right to express their voices and opportunity to find out to what extent they are able to take up this responsibility for local development.

References


Where have all the women gone?

Gender perspective on the Regional Growth Agreements – a new Swedish regional policy

Ursula Hård

Introduction

This article adopts a gender perspective while focussing on the Swedish Regional Growth Agreements (RGA).¹ These agreements are looked upon by the Swedish Government as a central instrument in what is referred to as “a new regional policy”. Focus here will be mainly on two issues. Firstly, on the fact that Swedish regions have not succeeded in integrating a gender equality perspective into the Regional Growth Agreements, despite the declared intentions and expectations of the Government. Secondly, even though one of the stated purposes of “a new regional policy” is to bring in as partners groups and networks who have not previously had an influential role in regional development and growth issues the regions have scarcely succeeded in doing this.

The groups and networks that are focussed on here are the County Experts in Gender Equality and the Regional Resource Centres for Women. The empirical data is based mainly on 35 interviews with some 40 persons, which were conducted in each of Sweden’s 21 counties in the spring of 2000. Just why these particular groups and networks were chosen will be discussed later in the article.

Structure of the article

The purpose of the Regional Growth Agreements is initially presented in brief. Thereafter, a number of key concepts within this new regional policy are introduced. It is here, with reference to earlier work, that the critique focussing on the lack of a gender perspective on regional policy and regional growth is introduced. After this the purpose of choosing to interview the particular groups and networks mentioned will be outlined. Following that, the empirical data is then presented in the context of five key organisational concepts. One of these con-

¹ This article is based on the empirical data mentioned above, and is an abstract from an unpublished dissertation manuscript in Swedish, which I have written and presented at the Dept. of Economic History, Stockholm University and at the National Institute for Working Life (NIWL). For further reading see my future dissertation and also forthcoming publications at NIWL by Hanna Westberg, Ursula Hård and Lars Kronvall. The first RGA-period lasts between the years 1999-2003. During the second period the “agreements” are instead referred to as “programs” (RGP). As the first period is in focus in this article the word “agreements” is the used.
cepts is the strategy and working method used in the attempt to integrate a gender perspective, namely – gender mainstreaming. As this is an important factor it will outlined quite thoroughly. Note should also be made here that the text about “gender mainstreaming”, is based on a number of national and international reports for brevity’s sake not mentioned in the reference list. The article ends with some concluding remarks.

The Regional Growth Agreements

The Regional Growth Agreements are instruments in a new regional economic/commercial policy that the Swedish Government introduced in 1998. The goal is to stimulate the economic growth that can help enterprises to grow, thus increasing working opportunities for both women and men. One significant starting point with the agreements is that regional influence over economic policy is set to increase, and that the agreements are to take local and regional differences into consideration in relation to economic/commercial development. Responsibility and decisions are to be taken by those concerned locally and regionally, so that as many people as possible will be involved. The work should be looked upon as a thorough and long-lasting learning process. The Government emphasizes how important it is to bring forward gender equality (my italics) and environmental issues as driving forces for development and growth (Ds 2000:7, Tillväxt i hela Sverige).

It is important to note that an integrated gender equality perspective on the Regional Growth Agreements has been reinforced over time. Indeed it is stipulated that adoption of a gender equality perspective is a horizontal demand, in order for the Government to take part and give support. This means that gender equality when it comes to representation of the sexes by the 60/40-principle is to be taken into consideration, and that a gender perspective is also to be integrated into all parts of the Regional Growth Agreements. The goal here is to reach an equal distribution of power and influence between men and women. This demand has however not been met, even though some slight regional variations do exist.

Key concepts for a new regional policy

Historically, the fact that the Government has initiated changes and has tried to stimulate and control development processes in a number of different ways is nothing new. What may be considered at least partly novel however is the way in which the Regional Growth Agreements are supposed to initiate development processes in co-operation within broad developing coalitions and partnerships which have responsibilities at both the regional and the local levels. In addition, the fact that a number of groups and networks previously without an influencial
role in the regional development process now are to take part and are to contribute their expertise in this area is also a point of some note.

Researchers too have stressed how important co-operation between different actors is in terms of building strong partnerships and strategically developing coalitions as a base for learning and for meeting future changes. These partnerships and coalitions may consist of different kinds of companies, research associations and other types of institutions such as political ones and also different types of regional and local development groups and networks. Their tasks are then to maintain a continuous work programme of regional improvement by supporting different kinds of initiatives for change and development (Asheim 2000, Brulin/Westberg 2000, Gustavsen 2001).

In relation both to the different concepts outlined above and to the fact that “new” groups and networks are now to take part in the work of the Regional Growth Agreements, it is important to note here that in themselves, concepts can be ambiguous and are therefore important to analyse. Indeed, such questions have already been addressed by Ann Markusen (1999). She uses the concepts “social capital” and “networks” as examples, claiming that they are usually presented as general and positive, without their background and content being properly investigated. Markusen argues however that the motivation of the network participants together with the sustainability of the network must be researched. Furthermore, it is often vital in these matters to understand the ongoing nature of uneven power relations as well as knowing who is included or excluded within the network.

Adopting a gender perspective on regional policy

The fact that concepts can be ambiguous has also been directly addressed within the discipline of feminist research. In Sweden a significant critique has been made of regional policy, both before and after the introduction of the Regional Growth Agreements, claiming that regional policy to a very large extent has not displayed a gender equality perspective.

Tora Friberg (1993) has studied regional development using a feminist perspective. In a publication produced by the Swedish National Rural Agency by order of the Government, she discusses women’s conditions and how these are to be expressed within regional policy. Friberg suggests that gender equality policy has to a large extent not been able to influence regional policy, even though this has been one of the stated objectives. She argues that concepts within research and policy are not gender neutral, even though they are often presented as such. Therefore it is important to talk about women and men and to critically study just exactly whose problems regional policy “solutions” are really trying to address. In effect Friberg argues that more often than not the various concepts used to
represent mankind are identical with those that society as a whole equates with the male of the species. As such, women are here looked upon as different and divergent from mankind.

In a report concerning gender allocations for quotas within regional policy in Sweden, Gunnel Forsberg (1999) sees the Regional Growth Agreements as a chance for women to become more “influential” in regional policy. If this is to happen however, she notes, the gender equality criteria need to have a more significant role in the concrete work of the Regional Growth Agreements. When regional policy is so drastically changing, it is important to discuss how gender equal regional policy can be united with the demands of robust and strong regions as well as with the overall goal of regional growth. One should thus always ask what “a strong region” exactly implies, where focusing only on economic factors can lead to strong growth not being built on a robust base. As such, it may be more important to talk about robust regions rather than growth regions. One condition of a robust region would be that a demographic structure exists with a good division between the ages and the sexes, and that the concept of infrastructure is broadened to include the social infrastructure such as the family, welfare and gender equality policy. Conducting a regional policy, which is gender equal, is thus to define what a gender perspective on growth means. This, Forsberg claims, is not to be understood as if men and women have different opinions about regional goals, but instead it relates to the need to understand that women accrue their proper share of the growth created.

Why interview the County Experts in Gender Equality and the Regional Resource Centres for Women?

One of the important actors in respect of the Regional Growth Agreements has been the Swedish Business Development Agency (NUTEK), appointed by the Government to act as an instrument of national support to the different regions. Their remit has also included having a supportive function towards another important actor, namely, the County Administrative Board. These County Administrative Boards are situated in each of the 21 counties of Sweden, effectively functioning as the Government’s “right hand man” in the localities. Additionally they have also been given regional responsibility with regard to the Regional Growth Agreements.

In each of the 21 counties in Sweden the County Expert in Gender Equality was interviewed. These experts were, some years ago, appointed by the Government and their work place is situated in the offices of the County Administrative Board. They are tasked with having a supporting and active role both at the County Administrative Board and within the region as a whole. Given the fact that the Government has appointed them and that the Government gave
responsibility for the Regional Growth Agreements to the County Administrative Boards and also bearing in mind the horizontal demand that gender equality is to be integrated into the RGAs, one could assume that the person with special expertise within the gender equality area would have been invited to participate in the work of the Regional Growth Agreements.

Furthermore the person who is in charge of what is called the Regional Resource Centre for Women was interviewed. On a regional level these Centres are to be found in most counties, where the County Administrative Board have part responsibility for their being. There are also Local Resource Centres for Women, which have in part been the responsibility of the different municipalities within the counties. Due to time and cost limitations the persons in charge of these local Centres have not been interviewed. The Centres came about as part of a “bottom up” strategy to start with and thereafter the Government chose to appoint one national Centre. The National Resource Centre for Women, situated within NUTEK, existed as a project until the end of 1999, with their task being to support the Regional and Local Resource Centres for Women. In short these Centres are to work for equal opportunities for women and men within regional development. With this background one could have assumed that these Centers would have been invited to work with the Regional Growth Agreements.

Earlier studies, though, have shown that approximately 25 per cent of the people working with the Regional Growth Agreements were women and that the Regional as well as the Local Resource Centres for Women had great difficulty in becoming involved with the work of the Regional Growth Agreements, which was also the case for the County Experts in Gender Equality (Hård/Sjöstedt-Karlsson 1998, NUTEK, NRC). This led the National Resource Centre for Women to assign Lillemor Westerberg (2000) to investigate this issue further. In short, her report showed that out of the 19 women she had interviewed at the Regional and Local Resource Centres for Women all except one had to initiate contact in order to become involved with the work of the Regional Growth Agreements. In other words, none were asked or initially invited.

The expertise as regards gender equality issues and the purpose of the work that the County Experts in Gender Equality, as well as those in the Resource Centres for Women do within the counties and regions is then sufficient reason as to why these groups and networks were chosen for interview. In order to also illicit the points of views of the people responsible for the final wordings of the various Regional Growth Agreements, interviews with some of the administrative officials at the County Administrative Boards were also undertaken.
Investing the empirical data from the 21 counties

Below we see some of the possible reasons forwarded by the County Experts in Gender Equality and the Regional Resource Centres for Women, as to why very few women have taken part and why they themselves have had great difficulties in getting involved with the work of the Regional Growth Agreements, and why a gender perspective has not been integrated into the Regional Growth Agreements.

Bottom-up and top down?

The quotation below shows that gender equality issues initially seem not to have been brought forward by governmental officials. It also states, which quite a few of those interviewed have confirmed, that the subject of gender equality was first brought up at a network meeting of the County Experts in Gender Equality. Within regional policy more generally it is often stressed how important a “bottom-up” perspective is in order to firmly establish the issues and to encourage wider involvement from the participants. A “bottom-up” perspective also seems to have been the case here. But despite this fact it has been noted by the majority of those interviewed, that it is the clarity of the Government directive, and its reoccurring nature that gives gender equality its legitimacy. Both “bottom-up” and “top-down” approaches then seem to be needed when it comes to gender equality issues. This is discussed below.

When the Ministry of Industry first talked about the Regional Growth Agreements they did not mention gender equality at all. We brought it up at one of our national network meetings for the County Experts in Gender Equality. I think we brought it up to start with and discussed it with representatives of the Ministry of Industry. But then later the directive came from the Government, that gender equality was to be integrated into the Regional Growth Agreements. The directive made the demands clear for the people involved. If the demand had not been in the directive it would not have been brought up at all. The legitimacy comes from above. So when the Government says that now you are to work with gender equality, at least one tries.

Partnership

A central aspect of the agreements has been that the work should be done in partnerships, where actors who not previously have had an influential role in regional policy should have an important part to play. Despite this intention in most of the counties, the so-called traditional actors have been predominant, and thus in effect they have designed the agreements mainly with regard to their own
interests. As such, so-called non-traditional groups, such as for instance the Resource Centres for Women, have had a very difficult time “getting in”. While on the rare occasions when they have gained access they have still not had much influence because only groups that undertook a significant financial commitment were allowed to sign the agreements. As the above-mentioned organisations do not have access to large amounts of economical resources, they have thus not been able to contribute and therefore they were not eligible to sign the agreements. This is looked upon by many of the interviewed as a significant democratic problem, concerning the effective control of who is actually allowed to participate in and influence regional development work. The politicians moreover it is claimed are simply not interested in such issues. Thus even if there is some level of positivity expressed concerning the fact that one tries new ways and that everyone is supposedly equal, the reality is that this has still not changed the fact that new groups have seldom been part of what the interviewed referred to as the “small partnership”, where the actual and final work was done. Rather, “new” groups participated mostly in what has been referred to as the “large partnership”, which had a mainly advisory role. It is in this latter “group” where most of the women who participated actually took part. How this is looked upon is expressed below.

It’s positive that one seeks new ways, new collaborative possibilities and that one makes use of development possibilities. But resources should be made available. There are new organisations, which highlight issues. Everybody is looked upon as equal, so in that sense it is new. But even if more people have participated than usual, quite a few have participated outside the “real” partnership, though. And even if quite a few were invited, only the ones who contributed with means were allowed to sign the agreements. It is a democratic problem – who has status and responsibility. But the politicians are not interested in this aspect.

Gender representation

As noted above, women represent approximately 25 per cent of those working with the RGAs; in spite of the Government demand that there be at least an equal gender representation on the basis of the 60/40-principle. In some counties the invitations sent out by the County Administrative Boards demanded that the organisations contacted were to send one woman and one man. On numerous occasions however these demands were simply ignored. Another familiar occurrence was that a man would be appointed as the permanent representative with a woman as his deputy, with the permanent representative being sent to every meeting. Moreover, on numerous occasions it was suggested by the organisations in question that they simply did not have any competent women. But when the
County Administrative Board stood by its demand, mainly in the counties where the County Governor was deeply involved in gender equality work, the different organisations were then able to find competent women to represent their organisations. Another reason why men, to a much larger extent, were represented had to do with the fact that is has mainly been men who have held leading positions in the relevant areas. The work with the Regional Growth Agreements thereby mirrors Swedish society in this respect, particularly within the private sector but also within the public sector, with extremely few women at the top. How this is interpreted is illustrated below.

Well, you get a feeling sometimes that there are always some people who are there because they should be, but nothing much happens. But this is how it is with this “old-mans attitude” in many of the municipalities. They have been there for so long so they believe that they are to fix everything here. It is very traditional, maybe especially in industrial communities and in rural areas. When men keep women out like that, we don’t get the development that we need. Everything is supposed to be the same, no changes. But in the municipalities it is a lot about local development and by that it is a lot about women. They often get involved and work with different kinds of projects. And we need new ideas in order to get people to move here and to make them want to stay. We need structures so both women and men want to live in our areas.

The direction of the Regional Growth Agreements

Another explanation as to why women have had difficulty in getting involved in the work of the RGAs might be found in the direction of the Agreements themselves, where commerce has been in focus. In many counties historical development has produced what we in Sweden would today call “male dominated areas” and where male structures are strong if not predominant. This has led to a continued focus on already established traditional manufacturing industries. As trade and industry have been the predominant focus of the Regional Growth Agreements, the public sector, including for instance the health and care sector, where women predominate, has not been included and has not been seen as “important for growth”. In other words, it is crucial to see what has been defined as “growth”, as well as to see how “growth” takes place, and for whom. Some of this is made clear in the quotation below.

One has defined growth as something that only emanates from companies and therefore the public sector has not been seen as an important actor. This way of defining growth has to change completely. Also one doesn’t think of the embryos for trade, for instance, that is build up by associations. It is my experience that many people who are engaged in associations start slowly with different kinds of small scaled enterprising but eventually, within a few
years, we do not know whether some of these ideas that come from associations actually become companies. I am thinking in particular about areas that women are often interested in, such as culture, tourism and health care. But today the agreements originate from already existing companies, thus there is a lot about manufacturing companies, which is a very male-dominated line of business.

Gender mainstreaming

Last, but not least, the strategy and working method – gender mainstreaming – is another important factor to consider when gender equality is to be integrated into the policy of the Regional Growth Agreements. The concept “gender mainstreaming” originates from the third World Conference for Women in Nairobi 1985. It was explicitly introduced at the UN’s fourth World Conference for Women in Beijing 1995 and within the EU the concept was formalised in the Amsterdam treaty of 1997. Within the EU the concept has been launched as a new political strategy in order to achieve gender equality between men and women (in Swedish a word already exists which defines the concept of gender equality – “genus/köns jämlikhet” – namely jämställdhet). Gender mainstreaming is predominantly viewed as a means to end, or as the tool to reach the goal, which is gender equality. The concept is used to describe a strategic way of working, which implies that issues are moved from a “side track” position to instead become part of the organisation’s mainstream.

One important aspect of gender mainstreaming is the risks involved in using the tool. Ministry officials suggest indeed that gender mainstreaming can be misunderstood, especially in relation to specific gender equality work. Different interpretations of the concept may lead to the strategy itself being looked upon as the goal, instead of merely the tool used to reach the goal, which is gender equality. If gender mainstreaming is not correctly understood it can be looked upon as a replacement for specific gender equality work. As such, governments could use it as an excuse to replace the specific gender equality work (such as different kinds of gender specific projects for both men and women). Instead the Ministry suggests that gender mainstreaming demands a continuity of specific gender equality work. Not least to make sure that gender equality issues do not get excluded and that gender equality policy does not become too fragmented. The fact that gender mainstreaming together with specific gender equality work is being made into a parallel strategy has quite often been lost within both the EU and Sweden. But within the EU a clearer change has occurred, where the parallel strategy is highlighted. Similar indications have of late also been seen in Sweden, where for instance the Minister of Gender Equality has emphasised the importance of such a parallel strategy.
From the interviews it was clear that the majority had mixed feelings about gender mainstreaming. They all said that in the long run this was the right way to work in order to achieve lasting gender equality. But at the same time most of them were afraid that gender equality issues would be “integrated away”, and thus that the issues would disappear all together. The risk was increased by the fact that gender equality is not looked upon as an area with status or as a knowledge area in itself, in sharp contrast to the other horizontal demand – the environment. Instead gender equality issues it was felt are often seen as something that each person can have an “opinion” on, such as for instance over the work within the partnership or within the County Administrative Board. Quite often then the interviewed’s expertise was looked upon as simply “not needed”. In the interviews though, the importance of adopting parallel strategies until knowledge of gender equality had become engrained was emphasized together with the importance of having access to a sufficient level of funding to work with these parallel strategies. This is expressed below.

It is the new “buzz”-word. In every context. There is a big risk that many people are going to add a few appropriate sentences about gender equality in their project applications and that is enough to get EU-funding. But it does not mean anything. It is the “confession of the lips”. Therefore special gender equality projects are also needed. In some contexts the word gender mainstreaming is an alias. It is easy to write, “we intend to mainstream”. The risk is that when one says that now we have mainstreamed gender equality in this organisation one really says that now we don’t have to work with these issues, they are not important because we have mainstreamed. The gender equality issues disappear. Instead in the future work with the agreements it is important to spread knowledge and help one another to find good methods and have gender divided statistics. Also one has to have a gender equality perspective in the evaluations and one must follow up with gender equality money.

Concluding remarks

This article has sought to discuss why, in spite of the Government’s stated intentions, the new system of Swedish regional growth politics – the Regional Growth Agreements – has not been successful in integrating a gender perspective, nor in bringing into the process groups and networks that have previously not had an influential part to play as regards regional development. Focus has been put on the County Experts in Gender Equality and the Regional Resource Centres for Women. Interviews were held in each of the 21 counties (35 interviews with all together some 40 people). These groups were chosen for interview because of their expertise within the knowledge area of gender equality, and their work in respect of equal opportunities for women and men.
within regional development. As such, together with that they have been appointed by Government, one could have expected that such knowledge had been an asset within the work of the RGAs and therefore made use of. In order also to obtain information from the people who were responsible for the final wordings of the Regional Growth Agreements, a number of administrative officials at the County Administrative Board level were also interviewed.

There are a number of possible explanations both agent/individual and structural, as to why the County Experts in Gender Equality and those in the Regional Resource Centres for Women have expressed difficulty gaining acceptance as regards working with the Regional Growth Agreements is concerned, why women as a whole have not been well represented, and also the continuing lack of an integrated gender equality perspective within the Regional Growth Agreements, despite initially stated intentions.

It has been of great importance how clearly the demand for gender equality was expressed in the invitations/directives and how well the Government has been able to hold onto and reinforce these demands. When it comes to gender equality issues, legitimacy obviously comes “from above”, especially from the national level. As such, it seems to be the case that not just “bottom-up” but also “top-down” approaches are needed. Moreover, the fact that the public sector, where women predominate, has not been included in the growth calculations is another explanation. Additionally growth has been defined as emanating mainly from the so-called “male dominated industries”, such as for instance the manufacturing industries, rather than for instance tourism and health care related areas where again women predominate.

The fact that women, being half of the population, to a large extent have not been involved in the work of the Regional Growth Agreements is also a democratic problem. Even though some groups, often with limited financial resources, were formally invited to participate, they often had little ability to really influence the work. Firstly, most of the meetings took place during normal business hours. As the people who run the Regional Resource Centre for Women however earn their main income from elsewhere, not seldom their own businesses, they were seldom able to participate to any great extent. This should be compared to the greater possibilities afforded to civil servants, generally speaking, and even to the representatives of trade and industry, as well as to employees within larger private companies. Another reason as to why few women were involved in the work of the Regional Growth Agreements, was that organisations allegedly lacked the capability to internally identify competent women, except where women, very rarely, held leading positions.

That all this is a democratic problem becomes even clearer when only the groups and networks that contributed with financing were allowed to sign the agreements, and thus able to influence the actual work. This had further impli-
cations for the groups who had few financial assets. Thus in consequence their ability to participate and contribute with their knowledge and experience in terms of regional development was restricted even more. Which groups and networks are included or excluded, and how this is done thus becomes fundamentally important. As such it is plain to see that the different groups and networks obviously have a varying degree of power and influence.

In addition, the strategy and working method used, namely – gender mainstreaming – became an important factor, and in particular how it was used, which leads up to another possible explanation for the poor results of the process as a whole. As gender equality issues are to be moved from the “side track” to the mainstream, regular staff members are then supposed to work with these issues. Many partnerships and County Administrative Boards then, however, simply felt that the expertise of the County Experts in Gender Equality was simply not needed. In contrast, the interviewed stressed how important it is to look upon gender equality as an area of expertise and also that in future “knowledge is spread” within the organisations and within the work with Regional Growth Agreements. Parallel strategies then seem to be needed, at least until gender equality, as with environmental issues, is seen as an area of expertise in its own right.

The challenge of achieving sustainable regional growth and sustainable social communities

The discussion has drawn attention to a number of possible consequences when, generally speaking, half the population, in this case, women, have to a large extent been excluded from the work of “the new regional policy” – the Regional Growth Agreements. As such, women’s ability to define and influence social and regional growth in different regions has been severely restricted. One of the main ways of facing up to the challenge of achieving sustainable regional growth and sustainable social communities is thus to include both women and men in all future regional development work.

References


**Interviews**

35 interviews with 40 persons in each of Sweden’s 21 counties conducted by Ursula Hård in spring year 2000:

- The County Expert in Gender Equality at the County Administrative Board.
- Regional Resource Centres for Women.
- Administrative Officials at the County Administrative Boards.
Business-led mobilisation in rural areas
A simple case of Swedish exceptionalism, or a new model in the making?

Bo Svensson

The Swedish government introduced a new element into industrial policy in a bill on regional policy at the beginning of 1998. Swedish regions were invited to design and negotiate regional growth agreements (RGAs) with the Ministry of Industry, Employment and Communications (hereafter the Ministry of Industry). By the beginning of 2000, the 21 political-administrative regions had turned their RGAs in to the central government. This paper deals with the RGA initiative from a rural development perspective. There are several good reasons for so doing. First, even though the RGA process has dominated economic development activity in the regions over the last few years, rural development issues were clearly peripheral to the initiative. Secondly, there is reason to speculate as to whether the partnership-based processes allow sufficient scope for rural areas and their representation to be brought into the process. Thirdly, the strong emphasis on business involvement in the process may prove problematic for rural areas, where the number of enterprises is bound to be fewer and the enterprises themselves smaller than in other settings.

The first section of this paper presents the key ingredients of the central government RGA initiative. It also outlines a simple analytical framework for the analysis of the initiative from a rural development perspective, partly based on a rather tentative discussion on what one could expect about the treatment of rural issues in a growth-oriented regional strategy. In the third section, some of the findings on partnership formation in the context of the RGAs are presented, based partly on research and partly on existing evaluations of the RGA process. The fourth section presents two cases where business interests have taken a strong role as regards rural development activities, eventually making their voices heard in the RGA process. The cases dealt with here are those of the GGVV region in the county of Jönköping, and Bispgården in the county of Jämtland. The concluding section discusses the strengths and weaknesses of business-led development activity. It further elaborates upon some key characte-

1 An earlier version of this article was prepared for the Rural Transfer Network project within the framework of the Article 10 Northern Periphery Programme (see further: http://www.abdn.ac.uk/arkleton/npp).

2 The RGA process is a continuous regional development process, which will, during 2002, enter a new phase under a slightly different name, i.e. regional development programmes.

3 The abbreviation GGVV gathers together the municipalities of Gislaved, Gnosjö, Vaggeryd and Värnamo.
Analysing the public-private dynamics of the RGA initiative in rural areas

Scholars dealing with regional development activity often emphasise the importance of close and substantial public-private relations as a vital component in releasing the dynamics of regionalisation. A certain mobilisation is often envisaged as part of the package, where improvement of the region’s economic performance and competitiveness bring together political and economic interests into territorially based alliances (cf. Coleman & Jacek, 1989; Keating & Jones, 1985; Leonardi, 1993; Rhodes, M., 1995; Keating & Loughlin, 1997; Keating, 1998). Within this field of research, the prospects for mobilisation are often conceived of as being linked to the political and economic characteristics of the region, suggesting that politically strong and economically prosperous regions would have more to gain from mobilisation than regions that score poorly in this respect. According to this view, a vulnerable socio-economic base limits a region’s political options, which is why public actors in lagging regions tend to formulate defensive rather than offensive strategies. Moreover, private organisations in such regions may be slower to realise what the “business” of regional mobilisation entails, further explaining why it seldom takes place in such areas (Keating, 1988:11-12; Harvie, 1994: 5; Jones, 1995:291). If this rather deterministic and static view is taken all the way, it would always be possible to predict whether or not regional mobilisation will occur in a certain area, and whether it would bring advantages or not.

The same line of reasoning may be applied at the local level, i.e. the dynamics of public-private collaboration are more obvious in politically and economically strong communities. According to this logic, public-private dynamics are not only less likely to come about in rural areas; they are also less likely to bring advantages in such areas. This paper questions this notion and discusses under what circumstances it may prove to be erroneous. The view adopted here is thus that the scope and potential of public-private resource mobilisation may be just as great in settings where resources are limited, and that mobilisation may make an ever bigger difference in such areas. The logic here is simple. If resources are scarce, the need for mobilisation and for the pooling of resources increases.

Such a view finds some support in the rural development research, where the emergence of partnerships in rural areas has been noticed in many countries for some time now. It is also clear that the voluntary sector usually stands out as an important factor in this context. In a recent study of rural partnerships, one obvious conclusion was that partnerships emerge in an initiative vacuum (cf. 

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Westholm, Moseley & Stenlås, 1999). In the cases to be presented here, however, business interests rather than the voluntary sector have decided to “take matters into their own hands” so to say. As will be shown below, local business actors did not seem to have confidence in the traditional actors involved in rural development activity and decided not only to participate but also to take on a leading role for themselves. In other words, they became committed to putting resources into broader development tasks, but as a _quid pro quo_ they wanted to remain in control of the process. As will also be shown, these particular instances became examples of how the local mobilisation of scarce resources increases the chance of extracting external resources for rural development activity. The ambition here is not, however, to investigate whether resource mobilisation in rural areas actually makes a difference to economic development, which is a far more complicated matter.

What then are the key characteristics of the RGA initiative and why is it reasonable to suspect that rural areas may find it problematic to make their voice heard in the processing of programmes? First of all, the task of co-ordinating the RGA processes was given to the county administrative boards (län styrelser) and their equivalents in four regions experimenting with new forms of government. Although introduced by central government, the RGAs should be based on the priorities and measures developed by broad partnerships in the regions, and formulated into coherent regional programmes. Programme contents should thereafter be evaluated by, and “negotiated” with central government before realisation (cf. Svensson & Östhol, 2001). The regions approached the programming process in different ways, while also interpreting the partnership idea differently, even if the central directives applied to all (cf. Östhol & Svensson, 2002b). One particular and potentially innovative feature of the initiative was the strong emphasis put on the involvement of private business in order to make sure that the needs of business were at the core of agreements. As such, the Ministry of Industry noted,

> the participation of the private business community is considered to be a prerequisite for the success of the programmes. Regional public actors are encouraged to enter into discussions with representatives of local and regional business communities to ensure that their views and needs are integrated into the action programmes.”

4 During the studied period, models for increased regional self-governance were tried out in four Swedish regions (Scania, Kalmar, Gotland and Gothenburg). Since then the Kalmar model, based on extended municipal co-operation, has gained strong government support and will take over regional development responsibilities from the regional state body (County Administrative Boards) in 7 of Sweden’s 21 regions. Experiments continue in Scania and Gothenburg.

5 Ministry of Industry – _Regional industrial policy and agreements for the promotion of regional growth._
The strong emphasis on business interest involvement through partnerships seems to imply a will on part of the central government to better match the public and the private sphere in the regions. Bringing business interests into closer contact with public administration and political representation is apparently believed to be fundamental for pooling resources earmarked for regional economic and industrial development, in this case the promotion of centrally defined policy goals.

No additional financial resources were provided for the purpose, rather the intention was to improve and better co-ordinate the use of already existing resources within industrial, regional and labour market policy. Through RGAs, the government wants to achieve greater integration between policy areas and to adopt a regional outlook on the utilisation of those means that regions already benefit from through sector-specific public support.

A certain regionalisation of industrial policy, pre-dating the RGA initiative, was previously discernible though it was not nearly as explicit as it is now. Neither has the emphasis on broad partnerships as the basis for the regionalisation of industrial policy, and the wish for “bottom-up” mobilisation, been as explicit as it now is from the central level of government. These features, however, do not guarantee that rural development issues or rural interests will have a significant position in regional growth strategies. Indeed, there are features of the RGA initiative that can be interpreted as indicating the opposite. These are:

- **Organisation/leadership:** Responsibility for running RGA processes was (except for a few cases) given to county administrative boards, i.e. the regional level of the state. To local level representatives, in municipalities, village action groups or even SMEs in the periphery, that means control and power is still far away.

- **Growth focus:** The strong emphasis on economic growth indicates a narrowing down of broader understandings of regional development in favour of more strictly business-related matters. Given the mainstream ideas (and fashion) of economic growth thinking, with its focus on industrial clusters and innovative systems, rural areas seem less likely to be at the core of such strategies.

- **Business participation:** Strong business involvement was more or less considered a prerequisite for success, as mentioned above. Business Interest Associations (BIAs) as well as larger firms can be expected to be concentrated in regional centres, further underlining the risk of rather centralised regional strategies.

- One might quite correctly argue that the RGA initiative is not about rural development and that future economic growth is unlikely to be found primarily in rural areas, but rather must be assumed to take place in urban areas. Nevertheless, all rural areas are not doomed to be
hopelessly backward in economic development terms. It is therefore sufficient reason to wonder to what extent the RGA processes in Swedish regions take rural development issues into consideration, create opportunities for actors from rural areas, and leave room in the programmes for rural initiatives.

Rural issues in the RGAs – an overview

All 21 political-administrative regions of Sweden took on the challenge of developing regional growth agreements (RGAs), as offered by the central government. Not surprisingly, they interpreted the task differently and adopted different strategies in their processing of RGAs. Before turning more explicitly to rural aspects of the process, a general characterisation of RGA programming serves to illustrate what such work has entailed.6

Thus far, perhaps the most apparent positive result of the RGA initiative seems to have been the co-operation processes it created in the regions. The focus on growth, issue linkages and sector co-ordination stimulated regional mobilization on an unprecedented scale. That is not to say that the RGA processes were smooth and conflict-free, but in most cases they were perceived to be something new in the context of regional development work. In general, co-operation among public bodies improved, as did their awareness of business needs. Respondents often described work as a learning process under way, which is in line with the intentions and rhetoric of the central government initiative.

Even though the process and its dynamic seems new, doubts have been expressed as to whether it leads to very much in terms of new measures, actions, and thus eventually to economic growth. As noted earlier, no new financial resources were earmarked for the system, while the emphasis on economic growth in combination with greater flexibility in the usage of existing resources alone was expected to support innovation in the system. As processing has moved into financing negotiations, the confusion over resources has been obvious and has also created a sense of disappointment in many, despite the fact that no promises on new money were ever made. The most likely explanation for this is that existing resources were not as flexible as was initially presumed at the outset, leaving little room for re-orientations in the usage of already committed financial resources. Moreover, given the impact of a number of other aspects of the partnership-based process, priorities were hard to arrive at due to the need for the inclusion of “many voices”, while a number of accountability aspects remained notoriously unclear throughout.

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6 The findings initially presented in this section are drawn from an evaluation of the RGA negotiation process in seven regions and at the national level (cf. Regionala tillväxtavtal. Utvärdering av förhandlingsprocessen i sju län och på central nivå).
It was obvious that business involvement varied greatly between regions, but that it often remained low (cf. Svensson, 2001). In general there was significant reluctance among the traditionally dominant actors within the field of regional development to let go of the initiative and resources to new participants in the process, or new actor constellations, even in regions where new actors were generally invited into the process. The ambition of putting in place comprehensive programmes, which most regions stuck to, meant that the attempt to force programmes together left numerous unanswered questions about the arrangements for implementation and even financing of actions. A programming process where politicians and public officials set the overriding aims and strategy, leaving the later phases of the process to other actors should thus, initially at least, be seen more as an objective than as a realisable goal.

When turning to the treatment of rural development issues in the RGAs the picture simply confirms our initial fears. However, the picture is not completely black. According to a study from the Popular Movements Council, almost a third of the regions can be seen to have thought about the rural perspective. The study does, however, adopt a rather narrow perspective on the matter since it recognises regions that merely mention local or rural development, or the social economy, as priorities. If projects are derived from local or rural partnerships made up of, for example, local businesses in a rural area, this is not registered as being part of the rural perspective. Obviously, the detection of rural concerns in the RGA programmes requires a rather careful reading of the documents and probably also interview studies in the regions as well.

Two successful examples of business-led rural mobilisation

Thus far the impression gained is that rural development issues have indeed made it onto the agenda of some regions, although their treatment is usually somewhat superficial. It seems however that the agents of rural development have had a hard time making their voices heard in the process even where they have been participants in the partnership arrangements and where they have been informed about the RGA process all along. Exceptions do however exist and this section brings out two of them. They are taken from different regions and also stand out as different in terms of the preconditions for economic growth, but they do also share a number of similarities in particular when it comes to private sector involvement.

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7 According to a study from the Popular Movements Council, these are Södermanland, Gotland, Kalmar, and Örebro, Halland, Jämtland and Västernorrland (Landsbygdsutveckling – Lokala utvecklingsgruppers delaktighet i tillväxtavtalen).
The GGVV area

The GGVV area is made up of four municipalities (Gislaved, Gnosjö, Vaggeryd and Värnamo) in the county of Jönköping. In the GGVV area there is a strong cluster of small and medium sized enterprises (SMEs), which has long been considered very successful, despite its rural location. Gnosjö in particular has attracted the attention of both policy makers and researchers for more than a decade, being it is argued, a unique case of growth and expansion in rural Sweden. Nevertheless, it became obvious towards the end of the 1990s that continued growth was threatened, not least by the developing labour shortage.

In 1997, businesses in Gnosjö and Gislaved voiced their discontent with the lack of engagement on behalf of the municipalities in business development matters and decided to take on a more active role themselves. A local partnership based solely on business interests was mobilised and started developing a local development action plan. After a while, the partnership was criticised for being “too action-oriented” and for leaving the political sphere behind. As a consequence, the municipalities became engaged in the process. Work is, however, still business-led and is co-ordinated by the IUC (Industrial Development Centre) in Gnosjö. The action plan is made up of four task areas: Education, business development and renewal, infrastructure and communications, and the region as an attractive living area. All together there are eight projects with a wide set of tasks. Over time it has become obvious that the problems relating to the attractiveness of the area are crucial to future developments – people do not move in although the labour market is stronger than in most areas outside the major cities. This reality explains the broad approach outlined, where one might expect a somewhat narrower and more business-focused approach.

When the RGA initiative was launched from the central level with responsibility being given to the regional level (County Administrative Board), it was immediately seen as something rather disturbing for the GGVV area. The obvious position of the GGVV area was that their local growth agreement was already in place and ready to be implemented. Moreover, it was suggested that it was not possible for public administrative bodies to “induce” development if a strong connection to existing business structures did not exist. The message was sent both to the central government and to the regional level, winning acceptance at the latter level quite early in the process. However, half way through the process, national evaluators questioned the territorial fragmentation it lead to which resulted in a reduction of the sub-regional content of the RGA document. As a consequence, a case of business-dominated sub-regional mobilisation and development activity was kept at bay in the RGA process, which caused a signifi-

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8 Interview with representatives of the Municipal Executive Board and the Industrial Development Centre in Gnosjö.
ficant amount of frustration in the local partnership. Accusations of both centralisation and bureaucratisation were directed at the County Administrative Board for their way of handling the process, not only from the GGVV area but also from other parts of the county.

This brings us to some of the characteristics of the RGA process in Jönköping. It is now clear that work never amounted to a comprehensive programme, which was one of the central ideas behind the original central government initiative. Instead feasible and prioritised projects were collected and placed in the document if their proponents considered it an advantage. Limited public financing for development activity of this kind is a probable explanation and meant that each potential financial supporter only took a decision on concrete projects, and not on broader initiatives housing a number of unspecified projects. It seems then that the scarcity of public funding in the region ruled out programming in a real sense. During the process of the RGA work, business involvement was handled primarily through a few business associations with a more passive role for business actors more broadly defined. If we look into the realm of public-private linkages in the context of RGA processing, it is obvious that the Chamber of Commerce (CoC) has been the dominant private actor at the regional level. The CoC has a long tradition of close cooperation with the County Administrative Board and was naturally invited to take an active part in the process. These two actors made up a secretariat that constituted the core of RGA, carrying out much of the work during the early stages of the process, while CoC participation was even partly funded by the County Administrative Board. Throughout the process significant criticism of this organisational solution could be heard from both public and private interests because of its tendency to exclude other important actors from the inner circles of development activity design. As RGA work has moved into its implementation stages however, new working committees have been established at the regional level, some of them dominated by private actors.

Important to acknowledge here is the fact that despite the complications and conflicts of the RGA process, or perhaps thanks to these, the GGVV area eventually got three out of their eight projects accepted in the final RGA document.

The Bispgården project

Bispgården is located in northern Sweden, more specifically in Fors congregation, in the municipality of Ragunda, which is in the county of Jämtland. It has a decreasing population of 1,600 inhabitants and suffers from declining public and commercial services, and infrastructure. In this small place, there is a relatively strong tradition of small scale manufacturing industry. In 2000 the eight largest manufacturing industries employed 363 people. Nevertheless, skilled

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9 This opinion is more or less clearly expressed by all respondents in the interviews.
labour is a resource in short supply, a problem that commuters from surrounding municipalities cannot solve. The situation is described by the local partnership as unique, given that it is in rural Sweden. The basic idea behind the project was that if there are sound and healthy industries in the area there is a foundation on which the community’s development in a more general sense can be built. In other words, the preconditions for a positive change were considered to be better than in many parts of rural Sweden were healthy industries may be lacking.10

When the RGA initiative was taken, businesses in Bispgården had already begun to take greater interest in community development. The initiative was co-ordinated through the local business association (LBA), which urged the municipality to take greater responsibility for improved public services, infrastructure and labour supply. The LBA had recognised that something would have to be done, but also that the municipal finances were not strong enough to handle the situation and thus they suggested the mobilisation of both public and private resources in order to improve community attractiveness and business development. Since 1997 Bispgården has managed to gain a footing in the regional development programmes of Jämtland as co-ordinated through the County Administrative Board. Apart from the RGA of Jämtland, in which Bispgården is present with a local growth agreement, further financing has already been attained from the Territorial Employment Pact (Sysselsättningspakt) of Jämtland11 while an application to the new Objective 1 programme of the EU Structural Funds was being completed at this time of writing. The current and future activities of the local partnership are gathered together under the label Tillväxtregion Bispgården (Growth region Bispgården).12

What is striking in the documentation of activities is the broad approach taken. Themes with immediate business relevance include the development of new enterprises, marketing, and tourism. Apart from these, however, culture, public services, living conditions, education (at all levels), youth and gender issues are on the agenda, and all with their own activity groups. Clearly, the drive for future growth entails the consideration of a large number of factors in the local environment. Given the original problem identified, i.e. the problem of shortages in the skilled labour supply, this seems only logical. At the same time, however, one might wonder if the all-encompassing approach will lead to the thinning out of resources within each of the priorities.

10 Sources in this section: Bispgården på frammarsch and Tillväxtregion Bispgården. Also phone conversations with representatives of Ragunda municipality and the Fors Business Association.

11 The establishment of Territorial Employment Pacts is a European Comission initiative designed to encourage the production of more efficient and better co-ordinated initiatives at promoting employment in regions and local communities, and within the framework of the Structural Funds. There are 89 such pacts in Europe.

12 For a more detailed analysis of development work in Bispgården, see further von Bergmann-Winberg & Skoglund, 2001.
The municipality now participates in and supports the project with administrative capacity, but still takes a rather passive role. Work has been, and still is, driven by business actors. In general, the response from public bodies outside the community has been very positive. Supporters include the regional bodies such as the county administrative board (responsible for regional strategic planning), the county council and the county labour board (LAN). Other organisations with an active involvement include the Swedish National Board for Industrial and Technical Development (NUTEK), the regional university college (Mitthögskolan) and the Swedish Employer’s Association (SAF), all of which take part in developing the project. From the perspective of the LBA, the significant level of interest shown in the project from these bodies can be explained by the fact that development work was a business initiative and that it remains business-led even though the partnership at the board level is a more mixed constellation of actors. The LBA is also careful to point out that “Growth region Bispgården” is not an example of “the village” movement or politics, but should be seen as a concern for a larger area, including the surrounding municipalities, because of the number of people commuting to work in the area.

Conclusions – towards a model of business-led mobilisation for rural growth?

This paper has taken a rural development perspective on the Swedish government’s Regional Growth Agreement (RGA) initiative. The initiative entails a certain regionalisation of industrial policy, where the main idea was to achieve better co-ordination between different sector politics on the basis of suggestions processed by regional partnerships. In general, the suspicion that rural areas might face difficulty in making their voices heard in the process seemed justifiable. Indeed, in most regions, rural development issues did not really make it onto the agenda. Three factors militated against the inclusion of rural issues in the RGA initiative, namely, the organisation of work, the strong focus on economic growth rather than development in a broader sense, and the keen emphasis on business involvement in the processing of programmes. The limited acknowledgement of rural issues in the regional programmes thus seems to confirm these fears. There are however exceptions to the rule, with two such cases being dealt with in this paper. Whether it is more likely that these are simply unique exceptions that prove the rule, or a new model in the making will be discussed in brief below.

Both cases investigated in this paper, namely, GGVV and Bispgården, are models of rural development where business actors have taken a leading role in local rural mobilisation. They have done so even though their own businesses were successful, as such, actor motivations were based primarily on concern for
future growth possibilities. Problems with the supply of skilled labour and a concern with the attractiveness of the community as a living space have triggered activities in both cases. There was also dissatisfaction with public bodies, most notably the respective municipalities, and their method of handling such issues. Though the local municipalities were hesitant to begin with they eventually upgraded their engagement levels to create better public-private dialogue over time. Despite the fact that much of the activities are financed by public sources, among them the EU, private actors still play a leading role with public bodies taking more of a supporting role.

Although mobilisation was already under way in both regions before the RGA initiative was launched, it seems that both projects were able to draw significant advantage from the outspoken intention of central government to bring business into the process. It seems, particularly in the Bispgården case, that the leading role taken by business actors in the community is a viable explanation for the interest devoted to the case by public authorities both at the national and regional levels. GGVV is somewhat different since the area had already attracted a lot of attention because of its prosperous industries. In this case, first and foremost the region’s municipalities have increased their attention on the local development activities of private actors and have realised the urgency of taking measures to secure future growth. In both cases, the concern shown by private actors for local development in a broader sense has served as an “alarm call” for local politicians and public servants, which may prove important in the long run. Private sector engagement in development issues has definitely increased the urgency of improving the conditions for rural growth.

Both cases also show how discontent primarily with local governments and their treatment of local development issues of crucial importance to the survival of business triggered private actor engagement. It seems obvious that public activities did not satisfy business interests in the regions and necessitated their initiatives. While research on rural mobilisation usually pays attention to, and registers the important role of voluntary organisations, in filling the initiative vacuum, business took responsibility in the two cases presented here. When in motion, however, public bodies played important roles as supporting actors, though traditional planning processes were not to the fore in this rural development perspective. The limited involvement of voluntary organisation should be understood as an expression of their marginalisation in issues relating to economic growth, where leading actors in the partnerships did not consider them key actors in this context.

When it comes to legitimacy, it seems the legitimacy of rural development process rests both on public and private sector, engagement. Our cases clearly show that the business-led character of the processes gave them a special status, also among public financing bodies. On the other hand, it also seems likely that
societal distrust would be quickly manifest if not for the participation of public bodies, most notably the municipalities with their popular mandate.

Is it then fair to say that private sector engagement can now be forwarded as a solution to rural development problems in a more general sense? Before arriving at such a conclusion, which certainly is tempting, some of the particular circumstances of the two cases in question require attention. It should be remembered that both are cases where enterprises were relatively successful in terms of rural Sweden. Enterprises also identified severe threats to future prosperity and decided to become involved in problem solving beyond the immediate mending of their own businesses. These circumstances may be hard to find in many rural areas that limit the scope of the model. Nevertheless, business-led mobilisation for rural growth appears to be a model that is efficient in drawing attention to development activity in rural areas. Whether it is also an efficient way of turning negative developments into positive ones is however a completely different matter on which repeated observations on the two cases used in this paper might give only a hint. However, since successful businesses can be seen as a pre-requisite for positive economic development in any area, the active participation of business actors in the broader development process may increase the chances of arriving at purposeful development strategies from an economic growth perspective. It is also usually understood that private enterprises are more conscious of the importance of management issues than public bodies, and this is why their active involvement in development projects may prove to be pivotal in their successful implementation. In addition the very general observation that the involvement of key actors is always an advantage at least indicates that these cases have overcome one important obstacle in the development process.

References


Portfolio farmers, entrepreneurship, and social sustainability

Kari Mikko Vesala
Juuso Peura

Introduction

According to the Agricultural Census 2000, 27 per cent of Finnish farmers run other business besides farming (TIKE 2001). They are engaged in different industries such as tourism, food processing, wood processing, and machine contracting, for example. Terms such as “industrial pluriactivity” (Eikeland 1999) and “alternative farm enterprises” (Bowler et al. 1996; Damianos & Skuras 1996) have been used to refer to this sector of rural small business. In this regard, Carter (1998) makes a distinction between portfolio entrepreneurship and the diversification of farm business activities, in which the former refers to owning two or more separate firms and the latter to practicing other business as part of the farm enterprise. In the following we will use the term “portfolio farming” to cover both. The essential point is the combination of conventional agriculture with some other business on the farm.

In rural policy programmes it is common to emphasise the important role of entrepreneurship in the sustainable economic development of rural areas (see for example Rural Policy Committee 2000). Encouraging and reinforcing rural small business in general, and also the diversification of business activities on farms, are oft-repeated objectives. One could associate this kind of emphasis with the rhetoric of entrepreneurship that has gained a significant level popularity in the public policy and media discourses over the last decades (Burrows 1991; Ruuskanen 1995), but it seems also to be grounded in a very practical perspective concerning the opportunities for the survival and development of rural economies and societies.

Thinking about the aim of furthering entrepreneurship in rural areas, the portfolio-farming sector is of special interest. In the entrepreneurial and small business research literature this sector has received relative little attention thus far. According to some researchers, however, additional businesses owned by farmers indicate important entrepreneurial potential in the agriculture sector. For example, Carter (1998) in a pilot survey in Britain compared a group of portfolio farming

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1 A paper presented in Sustainability in Rural and Regional Development – 6th Annual Conference of The Nordic-Scottish University Network for Rural and Regional Development 24-27 August 2002 in Östersund, Sweden
owners to other farmers who focus on the primary production. According to her results the portfolio owners are – among other things – more willing to identify themselves as entrepreneurs, more market oriented, and they employ more complex managerial strategies than do other farmers. If one assumes that conventional small-scale family farming represent a “yeoman style” non-entrepreneurial form of activity (Silvasti 2001), business portfolios on farms seem to represent, in a very literal sense, a step towards entrepreneurship (see Carter 1998; 1999). However, sceptical comments about this kind of development have also been forwarded, in particular, pointing out for example that such developments are not necessary desirable from the perspective of yeoman culture and values. The situation of portfolio farmers has also been described as “forced entrepreneurship”, implying a lack of inner motivation towards entrepreneurship from the farmers’ side (Katila 2000).

Sustainable development includes economic, ecological and social dimensions. Social sustainability is widely accepted as an essential element of sustainable development, though there are various ways of understanding the concept (Scott et al. 2000). Some authors emphasise the community aspect, some the social relations and social capital aspects, while others emphasise the well being of citizens. In any case, one formulation of the social dimension states that social sustainability requires “development that reinforces the individuals’ control over their own lives” (Rannikko 1999, 397-398). Control can be understood – for example – as the possibility for rural inhabitants to participate in the decision-making process concerning the use of the environment and local natural sources or other matters relevant to peoples’ livelihood and well being (Rannikko 1999; see also Scott et al. 2000). The point is consistent with the widely accepted aim of increasing and utilising employee participation in the development of work organisations for example.

In the case of entrepreneurship it is often thought that an entrepreneur – i.e. an owner-manager of a small business firm – has a relatively large amount of control over his/her life, because he/she has the power to make decisions concerning the firm and can affect the functioning and success of the firm through his own work. Thinking this way, the furthering of entrepreneurship in rural areas would seem to be in line, not only with economic but also with social sustainability. On the other hand, this kind of reasoning has not been without its critics. For example, in the massive programme of enterprise culture proposed by the British conservative government in the late 1980’s it was the entrepreneur that was perhaps the most basic model for the desirable position of the individual in the society. Autonomy and the control of ones own life were emphasised as positive attributes of entrepreneurship. Criticism of this programme has however been extensive. In addition to doubting the economic efficacy of the enterprise culture policy, the critics have pointed out that entrepreneurship is a part of a market led economy based on competition.
struggle for survival is a natural aspect of this kind of a system. Everybody cannot be successful; some firms will be put at a disadvantage. All entrepreneurs cannot equally control their own lives. The struggle for survival is also said to lead to the hardening of social attitudes and values (Heelas & Morris 1992). So then we can see that it is not self-evident that a step towards entrepreneurship would support the development of social sustainability per se.

From the psychological perspective an important condition – and also an indicator – of an individual’s control over his/her own life is the experience of being able to affect events. Experience of personal control – or perceived control – has been emphasised in many psychological theories of motivation and well being, and also in the study of entrepreneurship and small business. It has even been suggested that the experience of personal control is an attribute characteristic to those individuals who succeed as entrepreneurs (Brockhaus & Horwitz 1986; Cromie 2000). An alternative to this kind of dispositional view is to consider the experience of personal control as a requirement or an expectation inherent in the role of an entrepreneur. To act successfully as an entrepreneur one must believe that one has control over the course of events, and vice versa: success in business enhances the experience of control. From this kind of viewpoint the situation and the individual are interacting with each other (see Chell 2000), and the experience of personal control reflects this interaction.

Several studies in Finland suggest that one of the problems faced by conventional farmers is their perceived lack of personal control, presumably reflecting their actual situation in which they see themselves as “helpless entrepreneurs” (Vesala & Rantanen 1999; see also Kallio 1997). Is the situation any different when dealing with portfolio farmers? They are farmers as well, but they are also running other business. Do they experience personal control in their work more than do other farmers? Moreover, what are the factors that potentially contribute to this experience?

In the following we will present some empirical results concerning the experience of personal control among portfolio farmers, conventional farmers and rural non-farm small business entrepreneurs in Finland. Our data suggests that portfolio farmers experience more personal control over the success of their business than do conventional farmers, and that this experience is connected to the competitiveness and profitability of the firm as well as to the particular arrangement of social relations in the entrepreneurs work. In particular the customer relations factor seems to be crucial in this respect. Further, we will view the question of personal control from the perspective of social sustainability. Since the experience of personal control seems to be associated with entrepreneurs’ relations to other human actors, it is reasonable to consider the nature of these relations. For example, among conventional farmers – and in the literature on rural sociology as well – it is not uncommon to assume that
entrepreneurial social relations are based, not only on fair exchange and competition, but also on attempts to manipulate others and take advantage of them. Personal control has different meanings depending on how one interprets or views these social relations and interactions. Therefore personal control is problematic as a criterion for social sustainability. We thus end up with a question: How do portfolio farmers view the social relations in entrepreneurship?

Entrepreneurship makes a difference: portfolio farmers experience more personal control than conventional farmers

The subjects of the study were conventional farmers, portfolio farmers and non-farm rural small business entrepreneurs. Three nationwide random samples were generated, each representing a broad cross-section of industries. The total number of questionnaires mailed was 3,390, with a total of 1,238 valid responses received, for a 37 per cent response rate. The response rate for the conventional farmers was 41 per cent (n=243), for the portfolio farmers 36 (n=799), and for the non-farm entrepreneurs 33 (n=196). The sample of conventional farmers included grain, milk, and meat producers functioning only in primary production. The sample of portfolio farmers was constructed from eleven different industries: tourism, food processing, handicrafts, wood processing, energy production, machine contracting, fur farming, production of metal ware, health services, transportation, and retail trade in farm products. The sample of the non-farm entrepreneurs was delimited to small-scale enterprises from the trade, industry and service sectors with a maximum of 20 personnel, and turnover of more than FIM 49,000. The enterprises included had been started at least two years before sampling occurred. The rural area was defined by a population density less than 50 persons/km² within a certain postal code. The data was collected in March-June 2001.

The experience of personal control was measured with four statements: “To a great extent I can personally control the success of my firm”, and “My personal chances to influence the successfulness of my business are practically rather low” (inverted), “I am able to affect the success of my firm through decisions concerning products and through production”, and “I am able to affect the success of my firm through marketing and customer connections”. All items had a 5-point scale for responses ranging from “strongly disagree” to “strongly agree”.

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2 The survey data was generated in co-operation with Mikkeli Institute of Rural Research and Training/University of Helsinki, the Department of Social Psychology/University of Helsinki, and Agrifood Research Finland. The study was funded by the Ministry of Agriculture and Forestry.
Conclusion: Portfolio farmers experience more personal control than do conventional farmers. They are engaged in other business activities besides conventional farming. Our results seem to conform to the idea that entrepreneurship enhances the experience of personal control and, in this respect, is in line with social sustainability.

Economic strength and social relations as determinants of the control experience

In the survey several individual- and farm/enterprise-related factors were studied. Which of those factors were associated with the experience of personal control? To study this, the four statements presented above were aggregated into a sum variable with Cronbach’s alpha .76. The strongest associations as well as a few other examples are presented in table 1. First of all we find rather weak associations between personal control and individual background (age, sex, education). The size of the firm (estimated by the revenue in the year 2000) was positively associated with the sense of personal control. However, the correlation was rather low (.137). A somewhat higher correlation was found to exist with the number of non-family employees (.198). The number of employees not only reflects the size of the business, but also tells us whether this kind of social relation is included in the immediate situation of the actor.
Table 1. Correlations (Spearman) between personal control and some other variables.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>-.080**</td>
</tr>
<tr>
<td>Sex</td>
<td>ns.</td>
</tr>
<tr>
<td>Education</td>
<td>.080*</td>
</tr>
<tr>
<td>Revenue year 2000</td>
<td>.137***</td>
</tr>
<tr>
<td>Non-family employees</td>
<td>.198***</td>
</tr>
<tr>
<td>Competitiveness</td>
<td>.435***</td>
</tr>
<tr>
<td>Profitability</td>
<td>.363***</td>
</tr>
<tr>
<td>Subsidies received</td>
<td>-.103***</td>
</tr>
<tr>
<td>Customer activeness</td>
<td>.465***</td>
</tr>
</tbody>
</table>

Note. Based on the whole data, all three samples combined. 
* p<.05, **p<.01, ***p<.001, ns.=non-significant.

Whether a respondent had received subsidies or not had only a moderate (negative) correlation with the control experience. On the other hand, competitiveness (.435) and the profitability (.363) of the enterprise were strongly associated with the sense of personal control. The highest correlation (.465) was found with customer activeness, which is a sum variable including the number of customers, marketing activity, conversation with customers and the time spent in sales and marketing. All in all, competitiveness, profitability and customer activeness were the best predictors for the experience of personal control in the data. This result was also confirmed by linear regression analysis (see Table 2). The best regression model was achieved with customer activeness, competitiveness and profitability as predictors. The model, in which customer activeness was the best individual predictor (beta .41), explained 31 per cent of the variance in personal control.

Table 2. Best predictors of the personal control experience. Linear regression analysis.

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Predictors</th>
<th>Beta-value</th>
<th>Std. Beta</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal control</td>
<td>Customer activeness</td>
<td>.41</td>
<td>.29</td>
<td>9.67***</td>
</tr>
<tr>
<td></td>
<td>Competitiveness</td>
<td>.35</td>
<td>.24</td>
<td>7.58***</td>
</tr>
<tr>
<td></td>
<td>Profitability</td>
<td>.22</td>
<td>.22</td>
<td>6.98***</td>
</tr>
<tr>
<td></td>
<td>Model R?= .31; adjusted R?= .30</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

***p<.001.

Furthermore, regarding the factors strongly associated with personal control, we found clear differences between the conventional and portfolio farmers. In other words, these factors seem to explain why the portfolio farmers experience more personal control than do the conventional farmers. We will describe these factors as well as the group differences briefly in the following.
Regarding competitiveness, we asked the respondents to evaluate, whether they are able to compete on price, on quality and by expanding the business. As we can see from Figure 2, only nine per cent of conventional farmers found themselves well able to compete on price. The corresponding proposition of the portfolio farmers was 28 per cent. The group differences were also clear-cut regarding the issues of competition through quality and through expansion of the business. Forty seven per cent of the conventional farmers and 73 per cent of the portfolio farmers found themselves to be well able to compete on quality.

![Figure 2. Competitiveness and profitability among three sample groups. Proportionate distributions.](image_url)

The differences in perceived profitability between the groups were also clear. Twenty eight percent of the conventional farmers and 54 per cent of the portfolio farmers found that the profitability of their firm had improved during the previous three years. Nearly half of the portfolio farmers, but only a fifth of the conventional farmers, however believed that profitability would improve in three following years. All of the group differences described here were statistically highly significant according to Chi Square-tests (p<.001).

These results are not surprising given that the whole farm sector in Finland has been under significant pressures during the last few years; the number of farms has decreased considerably, and survival strategies have been actively sought. It is no wonder then that the conventional farmers estimate the economic strength or the potential for success of their business to be, on average, lower than the other sample groups. In any case, our results confirm the idea that portfolio farming is a real alternative as an economic survival strategy.
Regarding the importance of customer relations, the differences between the conventional and portfolio farmers were remarkable. As we can see from figure 3, only 11% of the conventional farmers and 66% of the portfolio farmers had more than 10 customers. 6% of the conventional farmers and 18% of the portfolio farmers reported that they practiced marketing to a great extent. Twenty three percent of the conventional and 57% of the portfolio farmers reported that they had numerous conversations with their customers. Corresponding group differences were found regarding the working time spent in sales and marketing. Considering employee relations, about a third (31%) of the conventional farmers and more than a half (55%) of the portfolio farmers reported having full-time or part-time non-family employees.

![Figure 3](image_url)

**Figure 3.** Customer relationships and non-family employees among three sample groups. Proportionate distributions.

Activeness in terms of customer relations was the best predictor of the personal control experience, and it also highlighted a clear difference between the conventional farmers and the portfolio farmers. In other words, portfolio farmers experience more personal control because they have more customers and more communication and interaction with their customers. This conclusion is also in line with the results of a qualitative study on conventional farmers by Vesala and Rantanen (1999). Although the importance of customer relations is most prominent in our data, the relation to non-family employees also seems to play a similar role. All in all, our results support the emphasis on the importance of social relations – or the social network in general – made by social network theorists (Aldrich & Zimmer 1986; Johannisson & Mønsted 1998) and social
psychological researchers (Carsrud & Johnson 1989; Vesala 1994) in the study of entrepreneurship.

The ambivalence of social relations in entrepreneurship

According to our data, the experience of personal control is mainly determined by the economic strength of the enterprise and by the entrepreneurs’ particular set of social relations, in particular their relation to customers and to non-family employees. These results remind us that the experience of personal control over one’s success does not evolve in a vacuum, but always in relation to something – or somebody. In our case it evolves in relation to the economic success or strength of the firm, indicated by size, competitiveness and profitability. The better the success is in economic terms, the stronger is the feeling of personal control. Although the personal control felt by portfolio farmers is, on average, stronger than that of the conventional farmers, it ought not to be forgotten that the step towards entrepreneurship also has another side. Everybody does not succeed uniformly well, and price that one potentially pays for this – if one is less successful – is a feeling of a lack of personal control.

In the various formulations of social sustainability the equal distribution of benefits is emphasised, in addition to individuals’ control over their own lives. Questions of fairness and justice go hand in hand with this emphasis (Rannikko 1999; Scott et al. 2000). Our results on the association between the control experience and the economic success in business, confirm that this point is quite relevant also with regard to entrepreneurship. The very idea of business competition implies that some parties may gain more than others. Equality in benefits and fairness in conduct is by no means self-evident in the context of entrepreneurship. An entrepreneur must defend his/her own interests but on the other hand he/she must keep an eye on the ideas of fair competition and exchange in order to achieve and maintain trust in the crucial area of business relations (Carsrud & Johnson 1989; Vesala 1996). It seems then reasonable to ask, for example: what it is in terms of customer relations that enhances or enables the control experience of portfolio farmers? Is the answer simply that more customers and more interaction with them enables the portfolio farmers to gain increased financial benefit to themselves?

In some discourses entrepreneurship is associated with devoting solely to economic values and aiming to maximize one’s own gain, even at the expense of other people (see Katila 2000). In the stories and essays written by conventional farmers the social attitude of an entrepreneur – and of the actors in the market economy in general – is often portrayed as one of manipulation, flattering and bluffing. How do the portfolio farmers view the nature of social

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3 This observation is based on the archives of the Finnish Literature Society.
relations in entrepreneurship? According to the results that we have presented in this paper, portfolio farmers experience more personal control than do conventional farmers, and this experience is closely related to social communication and interaction. In our next study we aim to attain a deeper understanding of how portfolio farmers describe their own social situation as entrepreneurs – including their relationship to customers and employees, as well as to other partners relevant to entrepreneurship – as well as asking how they themselves interpret and evaluate their business relations with regard to their own control and benefit.

References


Information technology and networks in small enterprises in rural area

Karl W Sandberg

Introduction

The objective of this paper is to investigate the Information and Communications Technology (ICT) and the networks used in Small Enterprises (SEs) in rural areas. It is assumed that ICT provides the opportunity for SEs to improve their competitiveness. The use of networks is becoming ever more important as a means of describing SEs in rural areas. This paper describes an ongoing study which aims to discover how small enterprises use ICT resources and the networks that accompany them. The paper thus focuses on the wider conditions of, and the relationships between, the factors in small enterprises related to ICT and networks. The study took the form of semi-structured interviews with leaders of 60 small enterprises in the rural areas of Northern Sweden. In what follows, the key findings of the study are discussed together with some practical implications for future research.

Information and communication technologies (ICT)

A major challenge facing society today is the need to maintain a high standard and quality of living, while at the same time significantly decreasing resource utilisation and thus preserving beneficial living patterns. Such a sustainable society is perhaps best based on a perspective that considers both human resources and technical possibilities. Despite concerted efforts by both governmental bodies and private-sector firms to discover a secret recipe for economic success in the countryside, rural areas continue to follow tradition-based logic and patterns for change.

In recent decades the network society, dominated by a global and informational mode of production with information rather than capital as inputs, has begun to replace industrial modes of production (Castells, 1996; Dicken, 1998). Some consequences aligned with this process are that the network memberships, information handling competence and communicative competence used in change processes become increasingly more important as competitive resources, both for individuals and enterprises (see e.g. Nahapiet and Ghoshal, 1998). In a project pilot study strong connections were found between the ICT-level of the enterprise and both leader and co-worker change competence (Vinberg et al.,
Castells (1996) believes that network society is composed of "spaces of flows" in which spatial divisions such as urban and rural have broken down. Human relations are now structured more around socio-technological networks (e.g., new information technologies), and this reshaping of boundaries is leading to a profound shift in the composition of society. Definitions of distance, relationships in space and flows of information are being transformed. Concern for the rural dimensions of development processes may thus increasingly be seen as a legacy of the previous stage of "industrial" development when the distinctions between urban and rural were forged in ways that conformed to the spatial order of this earlier development mode. It is argued that this network form is relevant to rural development for it is concerned with the new networks of innovation and learning that are now seen as central to any successful form of economic development. It is therefore necessary to consider how thinking about rural development might proceed in the light of such emerging redefinitions and theorizing about people and space/distance.

Leading thinkers in the communications field have claimed that the advent of the digital "revolution" has created a society that is increasingly dependent on ICT to process it (Burstein & Kline, 1995). Researchers have questioned whether the impact of ICT will be even and whether certain categories of small enterprises in rural areas will be adversely affected by the ICT "revolution" (McConnaughey & Sloan, 1995). The changes brought about by this ICT revolution provide both opportunities and threats to SEs located in rural communities. ICT has made geographic locations and distances irrelevant, especially in the service industry. Such technologies open up new markets that were not previously accessible. Investing in these technologies can lead to economic benefits through greater price competition, lower inventory costs, reduced business travel and new distribution channels. ICT may however bring with it a number of potential threats to small enterprises. History has shown that the availability of basic infrastructure, such as rivers, railroads and interstate road systems drives local economic development. In an information economy the motors of economic growth are the telecommunications industry and the IT infrastructure. Thus, rural businesses are caught in a vicious cycle – lack of communications infrastructure reduces the demand for communications services, which further constrains future investment in the infrastructure. Another source of threat is that these ICT’s often provide the opportunity for business to simply bypass rural areas and relocate instead to developing countries.

E-mail has been described as “the most important new business communication technology since the introduction of the fax machine” (Moody, 1997). It allows electronic files such as documents, spreadsheets, databases and even CAD drawings to be exchanged worldwide, without degradation, in a matter of seconds. The World Wide Web, the graphical component of the Internet, allows
information to be accessed without geographical or time constraints (Haynes et al., 1998). The number of businesses with Web sites also followed this trend, with company size a major characteristic in determining the use of this technology. Specifically, smaller companies were found to lag behind their larger counterparts in the uptake of ICT (Spectrum, 1997).

In recent years small enterprises (SEs) have been the subject of increased attention. Integrated networks of small companies are often seen as promoting economic growth and new jobs. Research has shown that the type of change strategy employed is instrumental in influencing the outcomes of workplace oriented change projects (Gustavsen et al., 1996).

The use of ICT has been found to improve business competitiveness, with the Internet providing the opportunity for SEs to compete on equal terms with larger organisations (Mellor, 1998). In particular, e-mail and the World Wide Web present opportunities for SEs to harness the benefits of ICT in an affordable and simple fashion (Spectrum, 1997).

Network

Most research on small business performance has focused on the influence of internal managerial and product/service qualities on performance. Keats and Bracker (1988) proposed a theoretical model for explaining small business performance in which performance was measured by more than typical financial outcomes. Their model suggested the possibility that small firms may operate under a different set of performance criteria than large firms. Business performance success was seen as a function of leadership characteristics, and in particular to business planning approaches, as well as to the impact of elements in the community and industrial environments.

Many subcontractors are small enterprises that represent nearly 99 per cent of the total number of companies within the European Union (Storey, 1994). In contrast to large companies, these SEs are typically “lean” and not readily able to allocate much of their limited resources and reserves towards the integration of ICT into operations or towards innovative strategies. Change needs to be successful as the effort typically represents a significant investment where failure would be unaffordable. The question arising after learning about the level of risk faced by SEs and the potential benefit of successful ICT implementation is then how to get them to initiate and fulfil ICT work despite the barriers that seems to discourage the taking of such risks. Many studies in this area have been particularly interested in the personal network of the owner-manager at the time of the set-up or in their personal contact network (Ostgaard and Birley, 1994).

Although entrepreneurial networks as a research area have attracted increasing interest, empirical studies have produced variable and often quite contradictory
results (Dodd, 1997). Such confusion has been attributed to the over-reliance on quantitative methods to investigate the subject of small firm networking (Curran et al., 1993). The main focus of this paper proposes that a more appropriate research methodology be adopted in relation to interactive research (IR).

Prior studies into networks, specifically small enterprise networks, have produced useful information regarding the structural dimensions of a network, such as size, range, and density. However, studies in this area have mainly employed quantitative methods (Blackburn et al., 1990), and as such they have provided little understanding of the content of network relationships. Yet it is an understanding of the content that is needed if we are to better address the issue of how networking is used by small business leaders in the activities of their business.

In what ways can such networks make a difference in the development work of SEs? Here, the network acts as an arena where actions are scrutinised by others in order to acquire new perspectives unrecognised by the originator. The network makes it possible and practical for small enterprises to “act as a larger organisation”. Rather than being one small company with, for instance, 5-10 employees, the network can act as “one” large organisation with perhaps 50-100 employees. The “new” structure becomes an interesting organisation (customer) that is able to negotiate both disposition and price in areas such as training and consultant work. The cost of competence development and/or innovation can be split between the enterprises. In such an association each enterprise can participate in relation to their own size, needs and intentions. Engagement in networks of this kind can be one way for managers in SEs to compensate for the lack of internal resources as well as providing a development method that better enables learning. Moreover, the formation of SE consortia within a network structure can facilitate a more active role for government in public research and development funding by supporting the wider diffusion of research results. (Robertson and Longlois, 1995).

Research methodology

Interactive research (IR) has been defined as research that involves practical problem solving with theoretical relevance (Gustavsen, 1992; 1996; Gustavsen et al., 2001). In an IR project concerning, in this instance, networks, the researchers make use of the plurality of experiences and the capacity in the network as a means to enrich the development process. The credibility/validity of IR knowledge is measured according to whether actions that arise solve problems and increase participants’ control over their own situation (Levin & Greenwood, 1997). Internal credibility is essential in the IR process because of the collaborative character of the knowledge generated during group collaboration and during the research process. Since IR depends on the interaction of reflection and
action and the co-generation of new knowledge in specific contexts it is a challenge to effectively convey the credibility of this knowledge to outsiders (Levin & Greenwood, 1997).

As regards the interactive approach, a research design that would achieve the aims of this study is described in steps (I-IV) below. These steps are further illustrated in Figure 1:

**Step I.** Interviews with SE leaders.

**Step II.** Quantitative and qualitative analyses of data.

**Step III.** Initiate development- and change processes.

**Step IV.** Continue follow up and evaluation of development- and change processes.

Further studies should be designed to build upon what has been learned in previous steps of the process as outlined above. In our cases, the use of a variety of quantitative and qualitative techniques will help to achieve a deeper and broader understanding of the concept under scrutiny. By using a variety of methods, each should contribute in its own way to a better understanding of the issue, thereby allowing the next research steps to build upon previous learning and knowledge. Such a multiple stage research design must be at the centre of the study. In addition, it provides ongoing empirical support for the conceptual description. This cycle of fieldwork and the refinement of conceptual thought can
be continued according to the level of understanding desired and the time and resources available, as can be seen from Figure 1.

The present study is part of a much larger research programme; focusing on ICT and network use in SE’s. In terms of the study question dealt with here we decided to find out how leaders of SEs in rural regions used ICT and network resources. The proposed networks were to be based on a co-operative effort between small companies.

**Findings**

This study adopted a qualitative approach to data analysis. The following section discusses the major findings that have thus far emerged from the research.

*IT-mature.* The most frequent use of IT-services relate to use of PC, fax, Internet, e-mail, while use of large computer systems, local networks, Intranet etc were less prevalent.

*Network relations.* Tabel 1 illustrates that factors most significant to product- and activity development are sale- and customer relations, with the least unimportant factors (on a sliding scale) being technical consults, work environment, health, and competence.

<table>
<thead>
<tr>
<th>Co-operation with?</th>
<th>Yes (%)</th>
<th>N(%)o</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases</td>
<td>76</td>
<td>24</td>
</tr>
<tr>
<td>Product</td>
<td>62</td>
<td>38</td>
</tr>
<tr>
<td>Technology development</td>
<td>62</td>
<td>38</td>
</tr>
<tr>
<td>Competence development</td>
<td>62</td>
<td>38</td>
</tr>
<tr>
<td>Market</td>
<td>61</td>
<td>39</td>
</tr>
<tr>
<td>Production</td>
<td>59</td>
<td>41</td>
</tr>
<tr>
<td>Advice and support for management</td>
<td>45</td>
<td>55</td>
</tr>
<tr>
<td>Health</td>
<td>28</td>
<td>72</td>
</tr>
<tr>
<td>Rent of staff</td>
<td>22</td>
<td>78</td>
</tr>
</tbody>
</table>

Here we can see a summary of some of the research results gained from a pilot study (Vinberg et al., 1999). Concepts and data analysis are multi-level – an individual level with leaders and co-workers in the enterprises as units of study, and an organizational level, with the enterprises as units of study. In analyses on the organizational level, summary measures of individual data for the enterprises are used (for instance median or percentage levels of ergonomic and psychosocial tension and competencies). In individual level analyses the organizational level concepts and measurements are disaggregated to individual states (for instance measurements of a person’s network relations or use of ICT-facilities).

Figure 2 shows the concepts and assumed relations used. The focus here is only on some relations, studied empirically in this project.
Figure 2. Networks, ICT-level and change competencies determine social outcomes through reduced ergonomic and psychosocial tension.

The links between SEs and the local community are often crucial for the well being and survival of both the community and the enterprises themselves. On the macro-level, Putnam (1993) in a well-known study, in contrast to e.g. Olson (1982), maintains that there is a strong positive relationship between associational activity and growth. A recent study by Knack, Stephen and Keefer (1997) gives further support to the Putnam thesis. Discussions of the effects of such networks are summarized in Grandori (1999), Uzi (1997) and Gustavsen et al. (1997).

Network activities. To summarise, the key findings regarding the networking activities of the leaders of SEs are presented in Table 2.

Table 2. Networking activities in SEs.

<table>
<thead>
<tr>
<th>Competitors</th>
<th>The leader’s network and networking abilities are used to gather information about competitors, and keep them informed within the company as a whole. Frequently, social encounters are most productive.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>The leaders realise the importance of building a close relationship with a number of key personnel in the customer’s firm, and not just with one individual.</td>
</tr>
<tr>
<td>New markets</td>
<td>Entering new markets was a key decision facing many leaders in this study. They stressed the importance of networking in establishing themselves in a new market.</td>
</tr>
<tr>
<td>Planned and unplanned networking</td>
<td>Networking was often direct and deliberate on the part of the leader, but frequently the most productive form of networking was that which was opportunistic, intuitive, and unplanned.</td>
</tr>
</tbody>
</table>
Table 2. Cont.

| Network players | It is usual in such cases for the leader to consult with someone in his network before selecting an external party and bringing them on board. This consultation process is often with a network member whom the leader trusts and whose opinion he respects, since it gives them more confidence and security to progress with the course of action. |
| Networking as a competency | While networking itself is often performed intuitively by the leader, many of those interviewed recognised the importance of networking, and of using their network more effectively in order to improve their business. |
| Networking as a means to an end | Networking is very much seen as a means to an end, and must result in some tangible benefit to the company, if the leader is to continue with it. |

Discussions

In order to understand the networking activities of the leaders of SEs, it is necessary to look beyond conventional research methods. For such understanding to occur, it is proposed that a less conventional research approach be adopted. A qualitative methodology overcomes some of the problems associated with quantitative approaches.

By proposing an interactive approach to future research in this area through combining participant observation with the interviews, with each part of the research essentially building upon what has been learned at a previous stage, the concept can be continuously refined and developed allowing an even greater understanding of networking in SEs to be attained.

One interesting topic would be to examine specific SEs wide differences in the use of ICT as well as differences between rural and urban areas with respect to different industry segments. A pair-wise comparison of IT adoption and use between rural and urban firms controlling for size and industry would help to determine if rural firms are lacking in their level of ICT sophistication. A question that is frequently asked is “are rural firms stagnating from a lack of technology infrastructure?” We can only generally comment here in response that if a firm is a franchisee or a subsidiary of a parent company they are likely to have the necessary ICT infrastructure that compares well with their urban counterparts. Moreover, firms that face competitive or external pressure to use certain technologies do seem to have the necessary infrastructure. However, we did discover a number of independent firms with minimal ICT usage, in situations where owners were either unaware of new ICT developments or simply did not find a need for them.

Implications for practice in the context of the interactive research approach:
• To investigate and analyse existing networks, learning, leadership, ICT-mature, need for change, economic output in SEs. To develop networks between SEs, research institutions, and public actors.
• To initiate IT-supported SE-networks.
• To support female entrepreneurship and networks.
• To initiate “on-line community” networks.

References


Processes of birth and growth

A case study of six small-scale organisations in a rural region

Jörgen Lithander

Introduction

We are living in a world characterised by change. Belief in the capacity of the great international concerns to create new jobs and growth is not as strong as it used to be. In the last decade we could instead see an increasing interest in small and medium sized enterprises and entrepreneurs among researchers and politicians. It is also interesting to note that the ongoing globalisation process seems to be balanced by an increasing interest in local and regional identification. It seems as if local identity becomes more important the more internationalised we become. The emergence of local development groups, micro- and small enterprises where the local origin and character are pronounced confirm this trend. Debate on the size and design of the public sector and spending on the welfare state has in recent years been more intensive than before. Sweden is no exception to this trend. At present we are experiencing quite an animated discussion on the tax burden and on the possibilities (and consequences) of the privatisation of some services within the public sector (school, health, care of the elderly etc.). This debate has contributed to the already immense interest in the social economy, an economy whose supporters claim to be more trustworthy thanks to its “not for profit” profile.

This background makes it interesting to take a closer look at some small-scale, enterprises in, or close to, that sector. Instead of just concentrating on the quantitative outcome; jobs, turnover, profit level etc. the present paper will try to shed some light on the job-creation process from idea to a working enterprise. The important questions to emerge then are consequently what such a process could look like and how the initiators (entrepreneurs) act in it. In this paper we will try

1 This paper is mainly based on the report by Lithander J & Möhlnhoff J, [2000], Framväxt av tillväxt (Development of Growth). The report was a collaboration between The Swedish (RALF) and The National Institute for Working Life (ALI).

2 One can say that the subject was put on the agenda mainly by Bolton J E, [1971], Report of the Committee of Inquiry on Small firms; Birch D L, [1979], The Job Generation Process; Storey D, [1994], Understanding the small business sector. An early Swedish contribution of major importance is: Ramström D (ed), [1971], Mindre företag – Problem och villkor. Among new swedish contribution e. g. Davidsson P & Delmar F, [2002], “Tillväxt i små och nya – och något större och mognare- företag”.

3 There are about 4,260 active local development groups spread across Sweden (December 2002), www.bygde.net
to answer these questions by presenting a case study of six job-creating processes in the county of Jämtland, a sparsely populated region in the northern part of Sweden.\(^4\) We will begin by briefly reviewing some theories of relevance for the case studies. We will then introduce a tool, a simple model that helps to structure and describe the development process in a more lucid fashion. This will be followed by a brief presentation of the six cases. Finally, we will reflect on the cases and try to pull some generalized conclusions from them.

The concept social economy

Many researchers (and politicians) have considerable difficulty both in defining the social economy and in explaining what it is that allows such organisations to develop. However interesting, that discussion is not a part of the goal of this paper and as such we will confine ourselves to some short comments on this subject\(^5\). By social economy we normally mean activities where individuals work together in activities with aims other than profit. The organisation should be based on democratic values and the “one-member-one-vote” principle. In Sweden we normally include local development groups, sports associations, co-ops for day-care centres or elderly care, relief organisations, consumer and producer co-ops, etc. in this sector.\(^6\) Other countries may however have a slightly different description, probably dependent on divergences in cultural, historical and political issues. In the USA and Britain, the expression “Non-profit Sector” (NPS), is more common than “social economy”.

One way of defining such organisations is to look at the form of the organisation (juridical person) rather than the organisational behaviour. The European Union has chosen this way and thus defines the social economy as “Co-operatives, Mutuals, Associations and Foundations” (CMAF). This alternative makes the delimitation technically quite easy but, unfortunately, poses many more questions than it answers. Suppose for example, that a certain activity takes place in Voluntaria, an organisation within the social economy. Now suppose that the representatives of Voluntaria however decide to change juridical form and to establish the enterprise Commercial Ltd, while keeping their activities totally unchanged. Technically this would suggest that the social economy has decreased in size, but what has happened in reality? One might argue that it is desirable instead to have a definition that actually looks at how an organisation

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\(^4\) The interviews took place in 1999, in the offices or in the homes of the initiators. The interviews were taped and later transcribed. For more information of the method, see Lithander J & Möhlinhoff J, [2000], *Framväxt av tillväxt*.

\(^5\) For an overview see: Anheier H K & Salamon L M, [1996], *The emerging non-profit sector: an overview*.

\(^6\) Other related expressions in Sweden are “kooperation”, “tredje sektorn”, “ideell sektör”, “folk-rörelsesamhälle” and “civilt samhälle”.
behaves and not what juridical form of organisation it technically belongs to. On
the other hand, such a definition presupposes more or less an individual judg-
ment, which necessarily makes the system more difficult to handle.\footnote{For an
interesting discussion of how different kinds of organisations can “move” between non-
commercial and commercial through their behaviour, see Westlund H, [2001], Social
ekonomi i Sverige.}

Several researchers have tried to explain the rise in the level of activity in the
social economy.\footnote{For a more detailed discussion see among others an interesting
contribution by Salamon and Anheier, [1998], “Social Origins of Civil Society: Explaining
the Nonprofit sector Cross-Nationally”.} For the purpose of this report the three general hypotheses of
Westlund and Westerdahl will be utilised to give a good overview: the \textit{Vacuum
Hypothesis}, describing a shrinking public sector and/or private sector gives space
for new actors. That vacuum could be filled in part by the social economy. The
\textit{Influence Hypothesis}, describes a situation where there is increasing interest in
individual choice rather than in just accepting a “standard solution” from the
public sector concerning welfare-services. Finally, the \textit{Local-Identity Hypothesis}
describes the situation where we see increasing interest in local and regional
issues and identity as a “counteraction” to the globalisation trend.

Focussing on the role of the social economy in elderly care, Weisbrod presents
an interesting point here.\footnote{Westlund H & Westerdahl S, [1996], Den sociala ekonomins
bidrag till lokal sysselsättning.} He suggests that every commodity includes some
more or less visible information. Thus it makes sense to divide the information
into two classes. Type 1-information is easy to observe and evaluate, for example
where a nursing home is situated or if there are any emergency exits in it. On the
other hand, type 2-information is difficult and costly to observe and evaluate for
the customer, e.g. if the nursing home provides “an atmosphere of love, courtesy
and understanding”.\footnote{Weisbrod B A, [1988], The Nonprofit Economy, page: 48.} Such a situation, where one party (here the producer of
elderly care) in an economic relationship has more information than the other
(here the consumer of elderly care) is called \textit{asymmetric information}. A profit-
maximising firm may, in such a situation, be tempted to (mis-) use the advantage
of information and spend less on the services with type 2-attributes, simply
because there is no reward in spending money in such services – even if the
customers are actually interested. On the other hand the advocates of the non-
profit sector claim that the “non-profit-approach” combined with elements of
altruism work like a guarantee against the misuse of such tendencies to
“capitalise on consumers’ lack of information”.\footnote{Weisbrod B A, [1988], The Non-Profit
Economy, page: 50.}
Entrepreneurs

Together with “small enterprise”, “entrepreneur” is truly one of the most popular expressions when discussing growth and employment. It is therefore appropriate to touch upon it further here. Discussion on this subject is however usually broad (and has been studied in many disciplines) thus we will confine ourselves to a very brief introduction with some relevance to the cases presented below.13

Schumpeter is often referred to as the founding father of theories of the entrepreneur. As such, according to Schumpeter economic development is the movement from a state of static equilibrium. These movements are initiated in the supply side of the economy by entrepreneurs themselves. The fundamental aspect of the entrepreneur is his or her ability to find new combinations of the materials and powers that can be used in production, regardless of whether the parts themselves are already known in other combinations. Individuals, who discover such new combinations and attain these changes, are entrepreneurs.14

Another view of entrepreneurship originates from the Austrian school of economics (or the so-called human-action school), with Kirzner, Hayek and Mises as the perhaps its most famous representatives. Kirzner views the entrepreneur as being observant “to the opportunities that exist already and are waiting to be noticed”.15 As such, the entrepreneur is someone who looks for disequilibria in the economy and has the ability to use that information for a commercial purpose. The presence of such disequilibria suggests that asymmetric information exists in the market and, as a consequence that we will experience the effects of an inefficient allocation of resources.

It is however necessary, within the context of this paper, to define a number of special types of entrepreneur. Brulin and Nilsson discuss a particular variant that they call the Identipreneur (Identity Entrepreneur).16 Identity Entrepreneurs are, according to them, individuals whose entrepreneurial ideas have their foundation within the context of the regional identity and/or in relation to regional uniqueness. A prerequisite for this type of entrepreneurship is the existence of a collective identity. This identity exists in a particular geographical area (regional identity) or within a particular group of people (ethnic identity). The historical heritage (real or mythical) is, according to Brulin and Nilsson, of the utmost importance for the development of a particular collective identity. The authors have forwarded Gotland and Jamtland (two districts in Sweden) as two examples of geographical areas where a particular culture and local uniqueness has

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13 For further discussion see e. g. the state-of-the-art book by Sexton D & Landström H, [2001], Blackwell Handbook of Entrepreneurship.
15 Kirzner I M, [1973], Competition and Entrepreneurship, page: 74. (The word “already” in extra bold type is in italic in the original).
survived through the years and has been the foundation upon which a regional/collective identity has been built. This might be expressed, in relation to enterprises, in design and/or production where exclusive raw materials or special traditions come into focus. In other words, it is the ability to utilise the unique prerequisites of an ethnic group, culture or a region that are the foundation of the identity entrepreneur.

The *Social Entrepreneur* or *Community Entrepreneur* could be seen as a person who stimulates local development without any consideration of personal gain. Johannisson describes him/her as an individual “who locally creates conditions for the origin of new businesses”. According to him, their primary driving force is the appreciation of the local community as well as a personal feeling of inner satisfaction.

**Factors influencing the probability of becoming an entrepreneur**

The intention here is to present a brief overview of some of the most important factors of relevance to the cases in hand. Firstly we obviously have to take note of the overall economic/political “rules of the game”. By that I mean regulations, the tax-system, interest rates, demand and supply in the market, political stability, the situation on the labour market, infrastructure etc. However, this report concerns organisations that mostly play under the same rules, which should immediately draw our attention to a possible list of other factors as well.

Besides sex (80 per cent of the initiators in his study were men), Spilling points to a number of common traits among “new-starters”. The *level of education* was higher among the initiators than for people in common. *Earlier experience and parents*, 45 per cent of those studied had parents who are or were businessmen in some sense. Forty one percent of those studied had previously worked as company leaders. Another important factor was the local or regional attitude towards entrepreneurship and businessmen, something that we may call the *business culture*. If one was brought up in an area with a lot of small-and medium sized enterprises it is, according to Sundin and Holmquist, probable that one would be more likely to start a company than if one had grown up in a so called one-company-town, where industry was dominated by a single large

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18 Johannisson B, [1992], *Skola för samhällsentreprenörer- rapport från en utbildning av lokala projektledare*.

19 Referring to a study based on a selection of 700 new enterprises in southern Norway, established between 1988-1992.

20 Spilling O R (ed), [1998], *Entreprenørskap på norsk*.
employer. An additional factor to consider here is the personal network. Originating from Granovetter, and his studies on the importance of networks in finding a new job, this view has also been discussed by Aldrich in relation to business foundation. Perhaps in a more tangential way our final factor, namely, social capital, is also related to this.

The notion of social capital has received considerable attention in recent years, and particularly since 1993 when Putnam presented his conclusions about the importance of social contexts. He defines social capital as:

...features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated actions...

Social capital becomes the necessary platform enabling citizens to act for the common good, not restricting themselves to viewing their own short-sighted benefits alone. According to Putnam more participation in associations and voluntary organisations increases the possibility of a growth in this social capital. Plenty of social capital then gives better conditions for efficiency, a working democracy and economic development.

In the following debate some researchers criticised Putnam for being too unbalanced in his view of the concept. One of the objections to his understanding of the concept centred on the absence in his discussion of the negative aspects of social capital, for example relating to the exclusion of outsiders, and restrictions on individual initiative etc.

Gnosjö, in southern Sweden, is a classic example of a region with many enterprises and a nationally famous “spirit of entrepreneurship”, Gnosjöanda (the Gnosjö spirit). Brulin and Nilsson argue for the importance of social capital when explaining the “success story” of Gnosjö:

It is that [the social capital] rather than some rational calculations that has made the development of the entrepreneurs [in Gnosjö] possible.

Motives for starting a company

The abovementioned factors probably influence, to a certain degree, the level of the “threshold” that entrepreneurs must climb over, but what are the powers that

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21 See for example Sundin E & Holmquist C, [1989], Kvinnor som företagare.
23 Putnam R D, [1993], Making Democracy Work.
compel a person to start a company? Schumpeter talks about three main factors: business success; to prove that one has the ability to do something that others cannot, and finally creative joy, to get an outlet for ones own energy. As we can see, these are all factors that “pull” the entrepreneur into the business. In the 2002-report of the *Global Entrepreneurship Monitor* (GEM) the entrepreneur’s motivation is divided into two groups, the opportunity entrepreneurs and the necessity entrepreneurs. The former describes individuals who choose to start a business as simply one alternative among other possible career options. Persons from the latter group see no option other than starting an enterprise. The overall balance between the groups shows that there is a majority of so-called “opportunity entrepreneurs”. Of those involved in entrepreneurial activities 61 per cent entered into such activity for opportunity reasons as compared to 37 per cent on necessity grounds.

Another way to express this is to talk about pull and push factors as e.g. for example does Spilling. Spilling divides these powers or motives into three groups, the Self-Realisation Motive (pull), the Work Searching Motive (push) and the Factors of the Surroundings. The Self-Realisation Motive (pull factors) is a positive power that draws the person into an enterprise. It can be that the person sees the possibility of starting an enterprise within a certain area, and then he or she gets an idea, or develops something new. It can even be the temptation to be able to work independently, to carry out a dream, or simply to earn money. As you can see this is obviously influenced by Schumpeter. The Work Searching Motive (push factors) has a little bit of a negative ring to it however. The reasons for starting can be economic problems or other such reasons that make the person in question feel more or less forced into starting an activity of his/her own. The enterprise is consequently started against the background of such problems or through compulsion. The notion of “the Factors of the Surroundings” relates to relations to the area, which can appear to be stimulating, or to act as barriers in the circumstances of the pending start. (E.g. support people in close association to the entrepreneur, different subsidies from society, etc).

Spilling’s study confirms the result of the GEM-report above, of about 700 newly established businesses it appears to be relatively clear that it is the Self-Realisation Motive that dominates when it pertains to starting a new enterprise. Spilling comments on the results in the following manner:

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28 Reynolds P D, Bygrave W D, Autio E, Cox L W & Hay M, [2002], *Global Entrepreneurship Monitor- 2002 Executive report*. (It was not possible to label all the participants into these groups, therefore the sum is lower than 100 per cent).
29 Spilling O R (ed), [1998], *Entreprenørskap på norsk*. 

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The establishment of a new enterprise is not just an economic and business-like affair, it is also a social question where among other things support from family and friends is of importance for the realisation of the project.\textsuperscript{30}

From an idea to a reality, six stories about the development process

Tools for structuring

As a result of hours of interviews with “our” entrepreneurs we saw a pattern in their stories. Out of that pattern we have constructed a simple model in order to describe the development process in a more lucid manner. The ambition is of course not to present a complete model of birth or growth, it should perhaps instead be regarded as an attempt to structure the process.\textsuperscript{31} It should be noted that the model describes an enterprise that was actually started.

\textbf{Figure 1. The Growth Model.}

\textbf{The Growth Model’s components}

After “living” with these cases for quite a while it has become clear that the model, in a diagrammatic way, describes the development process even if each particular case always have unique details. Disparities in time, in the strength of the influencing factors and in the straightforwardness of the process are some of


\textsuperscript{31} The growth model is used to structure the development process in all the six cases, see Lithander J & Möhlnhoff J, [2000], \textit{Framväxt av tillväxt}. Due to space limitations we cannot show the detailed presentation here.
the traits of character found. In what follows we will seek to clarify the meaning of the components in Figure 1.

The backpack

The backpack contains everything that the initiator (entrepreneur) of the enterprise has been previously influenced by. Any “inherited qualities,” and all experiences from birth to the present are relevant. These experiences are among other things: circumstances of upbringing; which schools attended and what training received; professional choices; experiences with family and friends; hobbies; involvement in organisational activities; company traditions; and the culture of the area. All of these factors influence, in differing degrees, the individuals and their actions in life. The backpack is always carried and its contents are added to throughout one’s entire life. However, we have chosen to show the backpack as a commencement value in a growth process. Certain individuals have such a “mix” in their backpacks that the threshold to starting an enterprise is likely to be lower than for others.

The pre-period

The heading, pre-period is given to the time just before the individual(s) gets the idea to start the enterprise. During this period he or she can be working, studying, unemployed, etc.

At the end of this period there is something that makes the individual start thinking new thoughts; a triggering event, which makes the individual(s) start weighing the advantages and disadvantages of starting an enterprise.

Development to Decision (Decision Maturity)

After the pre-period the individual(s) enters a stage where thoughts of starting an enterprise begin to gradually mature. During this time the individual(s) is exposed to decelerating and accelerating factors, in other words, counteracting and helping powers. These powers are, of course, present during the pre-period but are not comprehended in the same manner by the individual(s). During the Development to Decision stage they become more concrete and have a more direct effect than any earlier performed action. Potential problems and possibilities can be sketched out by the individual(s), or by others who look over the business idea in question. This is also the period when a decision is made as to whether the idea should survive or be given up. There is often some sort of activity that triggers, at this critical stage, the development of the decision to continue instead of being broken off. Yet another triggering action occurs at the end of this period when the individual(s) makes the final decision to start the enterprise.
The initiating phase

The individual(s) has now made the decision to start the enterprise and is working with it. Even during this time the individual(s) is exposed to decelerating and accelerating factors that can help or counteract the enterprise. This phase is often demanding on physical as well as financial resources.

The post-period

The enterprise is now established and has passed through the first difficult formation period. The company has, through its actions, an influence on its surroundings. This can happen directly through purchases and sales of services and merchandise, but even indirectly through being a good (or bad) example that others see and are influence by. The attitude towards the entrepreneur and the company can at this point change and thereby even be seen as feedback into the backpack of other individuals. Over a period of time the company can change its business routines or continue in the same manner as before. In both cases a fusion (merger with other companies or organisations) or fission (division or hiving off) can in some form be possible.

External influencing factors

These external factors are often very difficult for the company itself to directly influence. For example, interest rates; the general economic situation; market demand and supply in the specific line of business; the physical and electronic infrastructure; and external decisions and regulations. These factors are, however, highly important to the enterprise and, therefore must be observed.

Triggering events

The identifiable single events that influence growth. Normally, such an event means a transition from one period to another, but it can also ensure the continuance of the process. An example of such an event can be a response about financing or premises; decisions from the local authorities; a decisive meeting; contact with a key person, etc. The triggering events are therefore a mix between serendipity and rationality that can be frustrating for the researcher, but are in effect reality for the entrepreneur.

Decelerating/accelerating factors

Factors that counteract or stimulate development. These can differ from the triggering event by referring to a person or the fundamental attitudes of the authorities. Examples include for example reception by local trade and industry, banks, politicians, etc.
The Cases

Let us now leave the theories and models and instead turn to the six cases studied. They were:

1. The staff-managed co-operative Brismarksgården which runs a nursing home for elderly people (16 employed, a total of about 50 on the payroll).
2. Prelusion, a company which creates computer games (17 employed).
3. Naestie, a registered co-operative society,\(^{32}\) which runs a hotel in addition to adventure tourism, concentrating on the Lappish culture. (1.65 employed, a total of about 25 on the payroll).
4. Kulturleverantörerna (~The Supplier of Culture), an organisation within the local municipality of Östersund with the purpose of working with cultural issues and unemployed youths (2.75 employed and normally about 15 participants).
5. Drivknuten, a registered co-operative society which at present consists of twelve small businesses; primarily micro-businesses (three employed in the association, the member companies employ about 60 people together).
6. Gäddede Elektronik AB (GELAB), a company which works with electronic, cable and antenna mounting (62 employed).

In what follows below we will have a short presentation of each organisation. All the cases and their development processes are presented in detail in our report.\(^{33}\)

**Brismarksgården\(^{34}\)**

*Brismarksgården* is a staff-managed co-operative nursing home with room for 15 elderly people, situated in the northeast part of Jämtland, about 150 km from Östersund.

The four initiators previously worked in the care sector and felt a certain discontent with their personal influence on their work within the community care sector. They started a discussion about local development in 1993. People were moving away from the area, while very few children were being born into it. In the long run they saw threats emerging in terms of the school, day-care, etc. They also saw that there was no nursing home in the area although there was a great need for one. Eventually they decided to try to start a co-operative nursing home, influenced by one in the neighbouring village of Lövvik (the first old-age co-operative in Sweden). After a long and difficult struggle with many political twists and turns the nursing home *Brismarksgården* was finally ready for its first tenants in April 1997. The building itself was constructed with ecological

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\(^{32}\) Another translation may be economic association. The Swedish word is ekonomisk förening.

\(^{33}\) Lithander J & Möhlnhoff J, [2000], *Framväxt av tillväxt*.

\(^{34}\) The interview took place 1999-06-16 with Anita Näslund and Ulla-Britt Svensson.
materials, and this environmental thinking has spread to the staff. The goal of the organisation is to create a nice place for elderly people, job opportunities in the area and, in the long run, to attract new inhabitants to the village. Today they have 16 employees but altogether they have about 50 people on the payroll.

**Prelusion**

*Prelusion* is an enterprise that is constructing adventure games for computers. The whole thing started in January 1996 when two of the initiators were called up for military service. They soon began to look for something to do in their spare time and since they were interested in computers and adventure games they decided to try to construct a computer game on their own. In the beginning they had no intention of starting up an enterprise, it was just a hobby. However, they became increasingly involved in the project, working on the development of the game at nights and during the weekends. In December of 1997, after 1 1/2 years of hobby-development, *Prelusion* signed a contract with Alive Mediasoft Ltd. At that time, there were only two people left who wanted to continue with the development of the game. A third person came into the process at the beginning of 1998. As development continued Prelusion realised that they needed to work on their project full-time, which meant they needed financiers. By coincidence, they came into contact with the managing director of a local company, *Vindue*, who became interested in helping *Prelusion* with their project. This person had very good contacts with authorities, banks and other local companies. With his help Prelusion received sponsorship from different local and international companies as well as the employment agency. As such, *Prelusion* was then able to work full-time with their project; *Gilbert Goodmate and the Mushroom of Phungoria*. The initiators quickly then realised that they needed more people to become involved in the development process, they thus made a search on the Internet. After an “electronic examination” they selected about ten people from countries like Canada, USA, Great Britain and Japan. At this time they could not pay their prospective employees with money, because they had little or no capital, so instead they offered them options in the company on the condition that if the game should be a success the employees would get a share of the profit. And they accepted! Here one may then think in terms of the development of “digital trust” or “digital social capital” created over the Internet. The initiators really stress the importance of the support they have received via e-mails from all over the world.

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35 The interview took place 1999-06-29 with Mikael Hiltunen.
Naestie is a registered co-operative society with 14 members who run a tourist resort that concentrates on the Lappish culture. The enterprise generates 1.65 employment opportunities with a total of 26 people on the payroll. The background to the original idea of the enterprise is as follows: the reindeer industry in the area diminished in size, the future needed to be secured with other activities. Young (Lappish) women moved into the area but there were hardly any jobs for them. The chairman of the Lappish Village called a meeting where they discussed what could be done to attain more “legs” to stand on. One suggestion was to do something within Lappish tourism. For this reason a workgroup was formed with the primary goal of increasing employment opportunities for the women of the village. The already existing hotel in the village came up for sale during the spring of 1997. So that no one else would buy the hotel and compete with the Lapp’s tourist idea, they decided to buy it themselves. In the future, Naestie hopes to be able to branch out into “adventure” tourism. In the long run the hope is that this will have a dynamic effect and create new companies. These companies would be able to guide tourists to the marking of the reindeer calves, visit reindeer enclosures, riding and the like.

Kulturleverantörerna is an organisation inside the local municipality of Östersund. The organisation was established in 1996, and it works with cultural issues and unemployed youth. They have three project leaders (275 per cent) and normally about 15 unemployed younger people engaged in their activities. The participators stay in the project for about six months each.

The background to the original idea: Both initiators were studying at college and during a work training period in their education in the fall of 1995 they came in contact with a similar organisation in Denmark. After finishing their social studies they continued with an education for entrepreneurs. One element of this education was to develop a plan for a business- or development project. They decided to develop a proposal based on their Danish experiences. The initiators met with representatives from the employment office and the local authorities of Östersund in July 1996 to discuss the enterprise and its form. During this meeting it was decided that the enterprise would be started.

Several of the youths who have been involved in the enterprise have, after their time with Kulturleverantörerna, gone on to training programmes that have

36 The interview took place 1999-09-15 with Marianne Persson and Britt Sparrok.
37 The interview took place 1999-06-22 with Maria Welin.
later led to employment. Certain participants have been accepted as students and have received work with the help of references received from this organisation.

Drivknuten\textsuperscript{38}

*Drivknuten* is a co-operative situated in the village Öhn, about 110 km north of Östersund. The village is situated on an island and has about 100 inhabitants. The organisation has twelve micro-enterprises as members. The basic idea is to co-operate on issues such as marketing and administration, and share equipment like computers, printers and copying machines. In addition to the member companies’ own employees, the co-operative even has three employees of its own.

The background to the start of this co-operative can be traced back to the spring of 1994 when almost the entire village demonstrated against the inferior state of the public road between the community centre, Strömsund, and the village, Öhn. Later, all the local businesses even made a collective representation to Telia\textsuperscript{39} with the goal of securing an ISDN connection to the village. Both of these actions led to the desired result and the inhabitants realised that it was easier to influence their situation if they worked together. A number of businessmen began to speculate on the formation of a mutual association and the coming together for common interests. In November of 1996 they received, after a number of meetings and discussion, the go-ahead to rent a house on the outskirts of the village, which can thus essentially be seen as the start for *Drivknuten*. The location of *Drivknuten* in Öhn can be explained less by factors such as proximity to the market, but rather more in terms of a number of social reasons. The climate for companies is regarded as good in Öhn; everyone helps and supports each other. Furthermore, the closeness of the office to home is considered a great advantage for the initiators. Concretely, the forming of *Drivknuten* means that the member companies can co-operate in issues such as marketing and administration, and share office premises, office equipment, etc. Another consequence of such co-operation is that the individual companies “brought with them” their contact net to *Drivknuten*. When these separate contacts and relations were connected together in a common network it resulted in positive” synergy effects”, among other things, in the form of new customers.

GELAB\textsuperscript{40}

*GELAB* is an electronic enterprise situated in Gäddede in the northwest part of Jämtland, about 220 km from Östersund. Gäddede is a small village of about 800 inhabitants, close to the mountains. From having five partners and one employee

\textsuperscript{38} The interview took place 1999-06-16 with Maria Rubensson.

\textsuperscript{39} The major phone company.

\textsuperscript{40} The interview took place 1999-06-15 with Per-Arne Strandberg.
at the start in 1982, the company expanded to having sixty-two employees in 1999.

*GELAB*’s main activities are electronic-, cable- and antenna mounting. The enterprise emerged from the liquidation of another electronic enterprise in Gäddede back in 1982. Five of the former workers decided to start up a similar activity. The reason they started was that they did not want to leave the area, and there were almost no other jobs there so the only possibility of economic survival was to create their own jobs. The owners are however in a special situation, at one and the same time they are ordinary workers standing with the others on the shop floor, while five minutes later they are sitting in a board meeting. Despite the potential problems of such role differentiation, they basically believe it to be a positive development, as it helps provide a good overview of the enterprise’s activities. There are currently two other small electronic enterprises in the area that have started up under the strong influence of *GELAB*. These three companies now both compete and co-operate like a micro electronic cluster. *GELAB* today has about 70 employees and is still growing. This growth is however, perhaps somewhat paradoxically, going to be a problem in future. They will soon have employed all the available and suitable people in the area. To be able to grow any further they must attract new people to the village. To do so there must be a good supply of schools, houses, shops, spare-time activities and so on. Some of these factors are however very difficult for the company to influence.

The two other electronic companies in the area have most probably been influenced indirectly by *GELAB*’s existence. It is doubtful if they, on the whole, would have started their enterprises if *GELAB* were not there as an inspiration and role model.

From good examples to general knowledge?

**The six cases**

As can be seen, each of the six cases are different, they all have their own history. It is of course in the very nature of the case study that it is the distinctness and the originality that is illuminated at the cost of generalised knowledge. The purpose of the study was also then to present a number of examples of what a development and growth process would look like, from the initiator’s point of view. Every such process is unique and transforms the initiators, the entrepreneurs, into experts in their own experiences. The development process seems far away from what is generally understood as “textbook rationality”, emerging rather as a combination of rationality, intuition and serendipity.

With this in mind what follows below is a more orderly process of reflection on the six cases, which then tries to provide some links back into the earlier
discussion.  

Brismarksgården was apparently started by the Self Realisation Motive (Spilling) and is even in agreement with the Influence Hypothesis (Westlund & Westerdahl); that the initiators wanted to have more influence over the tasks in their jobs and wished to gain respect for their own ideas and suggestions. At the same time, one of the driving forces was the lack of a nursing home in Hoting, which is discussed in the so-called Surroundings Factors (Spilling) or the Vacuum Hypothesis (Westlund & Westerdahl). Finally, the initiators had a feeling for the countryside and an uneasiness about its future; they had a desire to create job opportunities for others as well as for being able to influence migration in the right direction. These motives even coincide with Johannissson’s definition of Society Entrepreneurs.

In the Brismarksgården case we also see the importance of relying on good examples. The fact that a well-functioning nursing home, Ingelsgården, already existed in the nearby village of Lövvik has most likely been of great importance to the forming of Brismarksgården. The initiators themselves had an idea that the co-operative form of enterprise, the registered co-operative society, sent out a signal of reliability and quality. These harmonised well with what Weisbrod calls a service with Class 2 attributes. Since their goal was not to make profit per se, they have, according to theory less reason to reduce such things as quality of service, which is difficult to judge for the customer, in this case the residents and their relatives.

With reference to the interaction between the company and its surroundings, the largest problem was, in this case, clearly that of attitudes. The co-operative form of the enterprise clearly produced two totally separate reactions. This can possibly be explained with reference to the takeoff from the Three Economic Sectors. On the one hand, individuals and organisations used to working with enterprises from the private sector viewed with certain distrust, a company that in part, was regarded as working in a “soft” branch (nursing home) declaring that profits were not its goal. On the other hand, you find individuals and organisations that were used to the public sectors’ obvious task of taking responsibility for the care of the elderly. From their point of view there was distrust at this privatisation within the caring sector. In this manner one can say that the attitude towards the “third sector” was the biggest problem even if the argument came from two sides. Kerstin Nilsson’s opinion that society, through excluding certain enterprises from trade and industry, does not take advantage of the development processes which actually exist, is in this case justified. It is especially important that the publicly financed organisations that work with enterprise development

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41 See my earlier discussion for references.
42 With the Three Economic Sectors I mean the private-, the public-, and the “third sector” (activities within the social economy).
treat all forms of enterprise equally, regardless of branch, size and relation to sector. Can it be that there is a need to see how broad-minded the public “Friends of the Firms” are?

Prelusion is a clear example of a company that was begun in the context of the Self-Realisation Motive (Spilling) or, as it has been termed elsewhere, the pull factors. Good ideas and market opportunities, and desires to use skills in the company are clearly the driving forces. The motive of neither the Identity Entrepreneur (Brulin & Nilsson) nor the Social Entrepreneur (Johannisson) fits the initiators in this respect; instead one can see them rather as “normal” enterprising entrepreneurs. On the contrary, their start up history is a good example of the process from a voluntary to a commercial enterprise. An isolated hobby among a few young lads develops into a company with partners in several countries. An important question that can then be asked is, can society make such a process easier? In this case apparently it is the meeting with a specific individual that enables development to shoot forward. This meeting with the “accelerator” more or less took place by serendipitous means because of a sporting practice. Society’s answer to this can be to increase the probability of such meetings through offering some form of a “contact person”, company pilot, mentor or the like. More companies with similar potential to that of Prelusion need to have better access to start-up, growth and development opportunities so that economically sound ideas can generate working opportunities and not just remain as hobbies. It is worth noting in this regard that the importance that the initiators themselves place on the importance of contact with like-minded individuals on the Internet. Is it possible to have a support network and mutual trust on the Internet, in other words, can social capital be digital? In this case at least it appears to be the electronic society that has been of significant importance to the company’s development. From “The Net” Prelusion has received encouragement and support, partners and a Publisher. This is why Prelusion is the only company in our study that can be seen as completely independent of location. The only thing of importance was that the possibility of connecting to the Internet was good.

The initiators of Naestie are a good example of both Identity Entrepreneurs (Brulin & Nilsson) and Society Entrepreneurs (Johannisson). They are Lappish women who use the Lappish culture in their business idea to create job opportunities for others. It should be noted that the initiators themselves already had work; it was rather the desire to create the conditions for the survival of their own immediate surroundings that was the driving force. When considering Spilling’s three driving forces, Neastie has them all. First, there are clearly personal Self-

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44 With that expression (Friends of the Firms) I mean all the public or semi-public authorities or organisations that claim their willingness to support such enterprises. Such enterprise-development includes advice, education, loans, subsidies etc.
Realisation Motives/pull factors. For example, the attraction of trying their idea of Lappish tourism and using the special resources that they, without a doubt, had access to. If on the other hand, one disregards the initiators own situation, both having work, job creation for others without work obviously is a clear goal for the enterprise. Here, it is rather some sort of need to react so that migration from the area, which would have left the countryside desolate, was counteracted. From this viewpoint we can discuss Work Searching Motives/push factors. A more difficult connection, although tangible, is found in Spilling’s third driving force, namely, that of the Surroundings Factors. The support from the members of the Lappish Village, the desire to stay in the area and the need for a local restaurant and hotel are also a part of the picture. There is also the possibility of finding a trace of the Vacuum Hypothesis (Westlund & Westerdahl) in the actions of Naestie. When the already existing hotel in the village liquidated its enterprise a vacuum in the market was created. The hotel was then bought, according to the initiators, not just to get a foot in on the market, but even as a preventative measure to remove the risk of a potential competitor being established. Even here you can trace the importance of the good example, many Lappish groups have contacted Naestie to take part in their experience.

*Kulturleverantörerna* is a project within the municipality of Östersund and can therefore be considered an extreme case in the positioning of the sector as shown in Figure 2 below. The driving forces here are clearly the Self-Realisation Motives/pull factors (Spilling). The initiators themselves were given the possibility of carrying through their own project idea. The powerful support the project received from both the authorities and the employment office motivates even certain elements of Surroundings Factors (Spilling). The experience of this organisation is rather that, the above-mentioned authorities (municipality and unemployment office) were flexible when handling the idea that was presented by two private individuals. Again we see the importance of inspiration from other enterprises. In this case, it was two actors within the social economy, Kvinnum and Agendum who through a study trip helped to establish a contact between the two initiators and the model *Frontlösarna* – a similar project in Denmark.

*Drivknuten* is an interesting example of small businesses in co-operation. The driving forces for the start of the company are mainly Self-Realisation Motives/pull factors, but even certain elements of Surroundings Factors can be traced as we reflect upon the inspirational environment for companies. Such co-operation can be seen as being motivated by economics: certain investments, such as the copying machine, printer, computer, etc. can be shared thus reducing individual

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45 Kvinnum is an organisation for, among other things, females’ networks and business development.

46 Agendum is an information co-operative.
contributions. The same applies to public relations and advertising where considerable profits from co-operation can be made. There is however a more social consequence of working together. Some of the member businesses had their offices at home, which, at times, could be considered less than stimulating. By moving into a common location they received not only a workplace to go to, but also someone else to use as a sounding board. *Drivknuten* has not had any major difficulties in the interaction with their surroundings, possibly because of the knowledge, experience and standing the initiators previously had. It is also worth noting here the large amount of interest that this co-operation of small businesses has generated among the many different groupings such as other small businesses, authorities, etc. Concretely, *Drivknuten* has also influenced a nearby village whose small businesses have also come together in a similar co-operative organisation. Subsequently, contacts and experience exchanges have also been developed between these two organisations.

*GELAB* is the only company in the study that can be clearly defined as starting because of Work Search Motives/push factors (Spilling). To start their own company was seen by the initiators as the only possible way of finding work in Gäddede. In addition to this, we can even see the element of two other motive groups. They had, for example, certain ideas about improving production, which they genuinely wanted to try, Self-Realisation Factors (Spilling), and the desire to be able to remain in the area, Surroundings Factors (Spilling). *GELAB* came about mainly as a consequence of another company disappearing from the market through bankruptcy. With regard to this the start-up motive can even be related to the Vacuum Hypothesis (Westlund & Westerdahl). *GELAB* is a company that has seen a period of compelling growth from five colleagues at the companies start to sixty-two at the time of this interview. Also interesting is the transition the company has been through from another viewpoint. In the first phase, all the employees, except one, were also joint-owners. Furthermore they had a common background as ex-employees of the bankrupt company before *GELAB*. In this phase the company was thus, an employee owned company. New employees have, on the contrary, not been offered partnership, which makes *GELAB*, with today, 62 employees a company with a “normal” ownership structure. This development can even be said to be a journey from a company within the social economy to a company within the private sector. Interaction with its surroundings has basically worked well, except in the opening phase when *Utvecklingsfonden* and *Länsstyrelsen* investigated the future possibilities of the “company-to-be” and rejected an application for a subsidy without even contacting the company. *Utvecklingsfonden*’s decision to judge the future company’s

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47 Utvecklingsfonden = the Development Fund, a governmental company-supporting agency. Still exists, but now under the name ALMI.
48 Länsstyrelse = The County Administration.
idea solely on the basis of the old company’s bookkeeping almost cost Gäddede the 62 job opportunities, comparable to about 41,000 work opportunities in Stockholm, which GELAB today employ. This emphasises the importance of such authorities (“Friends of the Firms”) to have some form of local roots or at least to be mobile in order to increase the probability that they receive pertinent information.

After the start of GELAB two other smaller companies within the electronics branch have also emerged. Both have had contact with GELAB, who in turn have contributed with experience and advice. The relationship among these three companies is one of co-operation and competitiveness, or “coopetition”, which is the mix that is usually emphasised when the successful company regions of northern Italy are described in the literature. Co-operation takes place, for example, in arranging joint education or when one company has a peak in its orders intake and then “transfers” some of its orders to the others instead of declining them. Otherwise they compete in the usual manner. Therefore, it feels right to deem the area as a micro cluster for electronics.

**Positioning**

To clarify our opinion of where the participants in the report are situated in the economic sectors (and their size) Figure 2 below is used.

![Positioning Diagram](image)

**Figure 2.** An attempt to describe the organisation regarding size and “sector-position”.

*Brismarksgården* is a staff-owned co-operative that only sells its services to the public sector. This takes place through bidding in competition with both private and public facilities. This then should be seen as a situation of motivating a position within the social economy with a certain pull to the public sector.
In the beginning *Prelusion* consisted, more or less, of private individuals who in their spare time practised their hobby, which placed them somewhere in the middle of the scale. After that the enterprise was formalised and external capital was invested, without doubt, with a demand for profit, thus they have moved all the more to the right.

*Naestie* is a registered co-operative society which sells its services on the market in a way that makes every transaction chiefly occur in competition with a variety of other privately owned businesses. This makes *Naestie* fall somewhat to the right of *Brismarksgården*.

*Kulturleverantörerna* is a project within the public sector and therefore falls farthest to the left in the figure.

Concerning *Drivknuten*, they have on the other hand, moved to the left on the line. Before the co-operative was formed it consisted of isolated private businesses belonging to the private sector. It is possible that certain executives had social, non-profit maximising goals for the company, but most, probably the majority, did not to any extent. After the forming of the registered co-operative society there was however a significant change in their business profile. *Drivknuten* does not for itself have a profit-maximising goal but rather works for the good of the members: all the members have one vote and are treated equally, and so on. In addition, the spokespersons of Drivknuten claim that they have a strong feeling for the vicinity and that they want to contribute to local development. All things considered, this places them a little to the right of *Naestie*.

Finally, *GELAB* is a company that has made a considerable move in its position. Initially, the company was composed almost entirely of employees with joint-ownership, that is to say, an employee owned company. There are even reasons to consider that profit-maximising was not the foremost goal when the company started, rather that the start was seen, as mentioned earlier, as the only possibility to continued employment in the area. In the beginning then, they find themselves somewhere in the border area between the social economy and the private sector. When employing more people, without the possibility of ownership, the company is moved more and more to the right, so that today it is to be seen as more or less a regular, successful, privately owned company.

It should be noted that certain companies stay in the social economy while others move increasingly towards the private (or public) sectors. Normally, no position can be seen as a constant; different decisions and actions can, of course, move the company in different directions.

**Common Traits**

Despite the differences between the report’s different organisations and enterprises, we can discern certain likenesses among them.
a. *The importance of being many at the start of the company.* Many emphasise that they would never have been able to handle the initiating process on their own. This pertains in part to issues of competence, with the more initiators the greater the competence. Everyone contributes with his/her speciality, which increases the companies’ ability to compete successfully. Moreover, another aspect that is often stressed here is that with more initiators there is always someone who can encourage others who has found themselves temporarily out of form. The process of starting a company can sometimes be experienced as fairly laborious, which sometimes causes tempers to rise and self-belief to decline.

b. *The positive view of co-operation.* There is a pronounced desire from existing enterprises to help others (future or existing enterprises) with advice, tips about useful contacts and other matters from their own experience. The fact is that several of them have already done it and/or are doing it. At the same time, the opposite is true; that is to say, one may ask for help but one is also willing to give help in return. There is, therefore, a desire for a forum where ideas can be exchanged; where one can talk to other companies; make new contacts; etc.

c. *Feelings for the surroundings.* Prelusion claims to be independent of location as long as there is a good connection to the Internet. The others, on the other hand express a strong connection to their immediate surroundings. This is particularly noticeable for those located outside Östersund; among them is even a hope that their own enterprise can contribute to local development. In two of the cases, concern for the immediate vicinity was even a driving force for the company to start in the first place.

d. *Environmental concerns.* Four of the organisations had pronounced environmental goals, for example, concerning which products they purchased, waste disposal, etc. A few had even gone through special environmental training for small businesses and thus had their own explicit environmental policies.

e. *The employer role.* Several of the companies experienced a lack in competence when it came to personnel questions, for example, financial control and legislation. Executives in small companies with employees have a variety of tasks to perform; director, administrator, public relations, innovator and normally, even a “regular” employee in the production process. That one person should be good at so many roles is probably not to be expected, especially if that person lacks the relevant training. It is important to understand that the need for information and education looks different at different stages in the process of becoming an established enterprise. There does however seem to be a demand for education within company development and personnel administration among small busi-
nesses, especially if the education is adapted in time and form to their specific needs.

f. **Good examples.** Constantly, the organisations studied here have either been inspired by a similar enterprise or they themselves have been an inspiration to others. This point is close to that of point b) and can be strengthened similarly.

**Growth stimulating measures looked upon from the demand-side**

During our interviews with the companies, different proposals for growth stimulating measures were raised. It seems logical to believe that the consumers of economic policy (e.g. entrepreneurs and business executives) would have a pretty good idea of what kind of measures would be positive for their enterprises. It is however uncertain whether the system works that way today. Perhaps it is instead the supply-side (the “Friends of the Firms”), that decide what they *think* are the appropriate methods. In any case, what follows is a presentation of some of the proposals that “our” entrepreneurs have brought up in our discussions. Please remember that it is their proposal and that the starting point for the discussion is very small enterprises, i.e. one-man companies and micro-firms (OMMC).49

*Develop-your-own subsidy.* It is conceivable to consider that the individuals who have managed the difficult process that starting-up a company entails have assembled an entire cluster of experiences. Their possibilities of developing an idea should be influenced positively by this knowledge. In certain cases an entrepreneur can see the potential in developing a new idea or enterprise but is hindered in so doing by a complete lack of time as their mainstream enterprise demands all their resources. The risk is then, that good ideas in OMMC cannot be attended to. One measure to counteract this could then be the possibility of, over a limited time, employing a “relief person” whose salary is completely or partially financed by the public sector. This person would then in consultation with the entrepreneur be recruited from among the unemployed and, as a suggestion, receive compensation at the level of their unemployment benefits. This creates the ability for the company to develop its concrete ideas while another individual can exchange his/her unemployment for productive work. The “relief person” would then probably have an increased chance of obtaining employment after the project had ended, not only in the current company, but in general as well. Of course, demands should be put on describing the current idea and on getting an estimate of it feasibility. Experience can be taken from the UPP-project in Norrbotten. The proposal could suitably be tried on a smaller scale in a limited area to later be evaluated.

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49 We have combined certain similar proposals and made a few language adjustments.
One objection to this could of course be that even larger companies can be faced by a similar situation. This is certainly true, but at the same time large companies also have better opportunities to development capital, specialised support functions, etc. and thus they are generally better disposed to cultivate their good ideas themselves.

*Increased information and more actively searching information* for future and existing enterprises, especially as regards the question of small enterprises. Any additional actors in the group of “Friends of the Firms” are hardly needed, although perhaps better co-operation between those already existing is required. There is also a desire for more active “visiting work”, e.g. by increasing travel out to the districts. Some of the companies\(^{50}\) felt more or less forgotten by the advisers and company-supporting actors employed by the local government.\(^{51}\) Another pronounced desire is access to contacts within the authorities (“authority guides”), mentors, etc. To speak in terms of the case studies this applies to increasing the possibility of the meeting between the potential growth company (*Prelusion*) and the person with knowledge of existing financing possibilities, pertinent networks etc.

There seems to be a desire among the small companies to share knowledge and experience and, at the same time, they even express a need to have someone they can themselves check with. So there is both a demand and a supply, but no natural arena where the OMMC can meet. Here, the authorities, together with trade organisations and the like could help each other to create such arenas where both the future and the existing entrepreneurs could meet each other together with different resource people.

*Entrepreneurship* as a mandatory subject in school can be one way, in the long run, to improve attitudes toward small-scale businesses and local development work. To go back to the Growth Model, the contents of the “backpack” can be influenced so that the threshold to starting a company is lowered. The discussions taking place are that the schools, to an much greater extent need to be tied to their surroundings which also speaks to the question of the participation of local companies and organisations in the education process.

**General reflections**

If one is looking to trace the role of social capital or networks in these cases one can do so, even if their appearance and size vary between the vastly different companies. In *Prelusion’s* case you may think of social capital as being “digital”

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\(^{50}\) That is, in addition to the enterprises described in this paper also some other enterprises belonging to their network.

\(^{51}\) Among ”The Friends of the Firms” we mostly have in mind here what we in Sweden call närlivssekreterare or kommunala utvecklingsbolag.
and location independent. Even if the co-operation with other companies could have worked better, *Naestie* has had co-operation within the Lappish Village to fall back on. The initiators state that they are almost being “*born into a collective*”. *Brismarks gården* has been able to build its strength through its contact net with other co-operatives and private persons. *GELAB* moreover has chosen a different strategy and started with a common ownership system, working in a very isolated manner during the initial stages. In the next phase they turned into an inspiration/competitor/co-operating partner for other small electronic businesses in the vicinity. *Drivknuten* is a clear example of co-operation and trust between isolated small businesses, which has resulted in lower costs, higher social satisfaction, as well as producing good public relations side-effects. Study visits from Japan, Africa and many other places around Sweden would hardly have taken place without this co-operation. *Kulturleverantörerna* are building up a feeling of trust and an atmosphere of acceptance among their participants, but this is also being extended towards other culture workers.

Could it be so that social capital, that is to say, the co-operation, trust, network, etc. is a factor that can, at least to a minor extent, explain a regions success? If the answer is yes then it raises another question: is there anything that society in general can do to strengthen this social capital? Of course, social capital cannot be introduced through a governmental decision. But, secure conditions for its success and growth could perhaps be improved through measures that support meetings between enterprises, the exchange of experience between them, legislation which eases such co-operation, etc. Of course, decisions that influence society in general, for example, organisational life, culture and the like can indirectly create a better climate for co-operation within the area. The challenge is to initiate processes that, if existing, seem to be self-initiating in their origin!

It is often stated that Swedish small businesses are not interested in growth. Among our six cases five actually say that they have the desire to grow, while the sixth considers itself to be too busy, though they are positive about branching out. The most important issues that render growth problematic among the companies studied are simply a lack time; difficulty in “finding the right individuals”; that is to say competent personnel, and also the lack of suitable housing. The later is prevalent if a competent workforce must be taken in from outside the immediate vicinity.

What can then be done to stimulate a new enterprise? Johannisson argues that a growth process eventually causes larger costs than a company can support, which actually makes the general reticence to grow among Swedish businesses appear wise. Instead of directing economic politics to a vertical growth, horizontal growth politics would therefore be preferable. It is possible that there is a

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52 Henrekson M, [1999], "Drivkrafter för entreprenörskap, nyföretagande och företagstillväxt".
certain level or size for each company that demands a new organisation or leadership style. If many of the companies only want to grow to such a limit, one solution can be to stimulate more new businesses even though they do not wish to be particularly large. Here, the “Friends of the Firms”, together with the political establishment can influence the climate for companies so that more individuals can be encouraged to start-up. The social economy might be one way to contribute to such a lowering of the threshold. In “the best of worlds” it can work as a school for entrepreneurs where you can go from an idea via different networks, and in some cases from a co-operative to a more traditional enterprise.

Another important question is how the non-profit characteristic affects the organisation? On the one hand it seems reasonable to assume that long-run efficiency could be lower when the profit level is not used as an indicator of success for the activity. On the other hand however, this lack of profit maximising as a goal, might contribute to a higher quality of services where it is difficult and costly for the consumer to observe and evaluate quality, for example, as regards the care of the elderly. Obviously, there is a need for more research in this field.

This paper has tried to describe a development process up to a certain point. An interesting question thus emerges, what happens after that point? How do the different companies develop and what new challenges do they meet? There can be much interesting knowledge to be uncovered in such a continued development. Unfortunately, most studies give only a snapshot of reality. An approach where you follow an object over a period of time, with for example, a check-up every year, is unfortunately unusual. The hope is then to be able to follow one or more of these companies through time. Together with studies of entrepreneurship and growth it is hoped that it will be possible thereafter to answer some of the new questions that arise from this paper.

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In this discussion it is interesting to note a contribution to the debate from the Prime Minister of Sweden, Göran Persson. In a speech at the congress of the trade union Kommunal (2001-05-28) he said: ”…the government will investigate the possibility of stimulating enterprises with activities in education and care. These enterprises are so called non-profit, that is enterprises with no distribution of profits... “. (http://www.kommunal.se/kongress2001/kongress2001.cfm?artikel=14351, page 13). My translation.


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Promoting sustainable labour markets
in rural settings

Lars Olof Persson

Introduction

Differences in national welfare systems are reflected in rates of labour market participation for different segments of labour across the EU member states. The Nordic countries have since long stressed “full employment” as a key labour market objective. There, the public sector has for instance actively been used to replace non-paid care with formal jobs. Germany and Austria on the other hand, both of which have less developed childcare systems, in practice treat males as the primary household wage earners. Moreover, several Southern member states consider the “extended family” to have responsibility for those family members in need, which obviously limits the chances of certain segments of the population from entering or indeed re-entering the regular labour market.

However, notwithstanding such differences in emphasis, the notion of “full employment” eventually found its way onto the agenda of the European Union. The member states are moreover unanimous in their belief that this goal would require significant levels of investment in the areas of employment and social policy. The notion of the activation of all segments of labour is accentuated: e.g. the goal requires at least 50 per cent of people aged over 55 years in the EU to be employed in 2010.

The differences in employment frequencies between EU member states remain large, but on the whole they now seem to be converging. On the other hand, regional differences within member states are reported to be on the increase. As such, the transitional characteristics of the labour market are becoming more transparent: Each transition, or career – such as from education to work, from care to work, or from unemployment to work, etc. – can be temporary and repetitious. Transitions can now of course occur at almost any time of one’s “working life”. There are theories explaining the nature and scope of such “transitional” behaviour exhibited by the current labour force, stressing, among other things, the individual choice of life-style, life chances or career options in different places. The other side of the coin of course is that rapid economic restructuring increases the risk of non-voluntary changes in employment status. In the current debate in some countries, high recorded rates of sick leave are considered to be related to various stress factors in both work and social life – in small and rural regions they are assumed to be responses to the lack of opportunities, while in
urban regions they are rather assumed to be the side-effects of tough competition in several fields of economic and social life.

The regions within member states thus perform as more or less efficient transitional labour markets, depending primarily on diversity and the vitality of their industrial structure, as well as on the demographic structure of the labour force. In general, labour markets in metropolitan regions are expected to permit higher rates of transition, reflecting more individual freedom of choice than do small and less diverse LLMs. However, performance is inevitably moderated by the welfare system prevalent in each country. In all probability then it is the countries that have an “individual” rather than a “household” focus on labour market participation that will be better prepared for high rates of transition.

The purpose of this chapter is thus to

- Review recent advances in the theory of the transitional labour market.
- And, discuss the need for policy reorientation for better functioning local labour markets.

Characteristics of the transitional labour market

The concept of the transitional labour market was launched by the OECD in the 1990s (Schmid 1995). Transitional labour markets are defined as legitimate, negotiated and politically supported sets of mobility options for the individual. These transitions can take place in different timescales, by day, week, month and year, but also under different phases of the life cycle. Recent research indicates that, it is stated that the individuals’ increasingly frequent shifts of status from/to employment and education, disability and sickness, retirement, household work, unemployment, etc., are becoming increasingly important to deal with if one wants to maintain a successful employment policy.

The functioning and dysfunctional nature of labour markets can best be understood in a systemic framework. Employment systems are defined as the set of policies and institutions influencing interaction between the production and the labour market systems. The outcome of this interaction determines the quality and quantity of employment.

TLMs are used as both a theoretical and a policy-oriented concept. They are based on observations that the border between the labour market and other social systems – the educational system, the private household economy, etc., are becoming increasingly blurred. The important policy recommendations are thus that these boundaries should become more open for transitions between formal employment and productive non-market activities. As such, the opening up of these boundaries should reduce the permanent insider/outsider problem that is typical of modern labour markets.
In transitional labour market theory, employment is attaining a new meaning. Traditionally, employment was defined as the act of employing someone, the state of being employed or a persons’ regular occupation. In classic labour market theory, developed for example by Lord Beveridge in the 1940s, employment was still more narrowly defined, as the male breadwinners’ full time occupation based on a longstanding contract with the same employer. In the emerging transitional labour market, employment is rather more of a temporary state, or the current manifestation of long-term employability. The prototype for this new employment concept is the network labour market, with flexible entries and exits contingent on opportunities and individual expertise and continuous and flexible paths of accumulating work experience.

Thus, transitional labour markets are arenas for new forms of self-employment, where social integration is developed through the individuals’ relation to others. In this form, social integration is taking place through productive social interaction not only within the field of paid work, but also in family work, cultural activities and voluntary work. Transition does not only mean movements between employment statuses, but also stands for flexible employment careers, including stages for preparation, encounter, adjustment, stabilization and renewed preparation for a new job or a new task.

This way of analysing labour market performance makes it very obvious that simple, one-dimensional measures to achieve “full employment” such as minimum wages or negative income tax are unlikely to be seen as efficient. Evidently, the concept of the TLM provides a richer and more realistic model for proactive and cooperative labour market policy.

Setting the focus on rural labour markets

Specifically for Nordic countries, the dysfunctional characteristics of the many small labour markets in depopulating regions are in particular need of notification. The options for good transitions in these regions are extremely limited and probably decreasing over time, in spite of the large input from the labour market, as well as from social and structural policies. This calls for an increased Northern dimension to be given to European policy on full employment. For large parts of the territories of Sweden, Finland and Norway, which are sparsely populated, it is questionable whether these regions will ever provide functional markets for labour. Even today, they are dominated by a secondary labour market, based on publicly subsidized employment. The aging population in these regions demands services from the shrinking – and also ageing – local labour force. How then can we formulate a policy for “making transitions pay” in these parts of the European space?
It is generally accepted across the EU that the economic performance of regions, nations and indeed of the entire European Union is dependent upon the efficient performance of each individual LLM. For instance, in the case of Sweden, a recent Government Bill clearly states that, “well functioning local labour markets across the entire country should be the prime objective for regional policy, aiming at increased economic growth in all regions.” However, due to wide variations in structural terms, it is probably not feasible to set a common standard objective for the performance of all local labour markets in any one country.

It is also commonly expressed, that in order to optimise the performance of the diverse types of LLMs, labour market policy has to be flexible, as well as being adjusted to, and implemented at, the lowest possible regional level.

In order to be applicable at a functional common framework labour market level, economic development, including policies on education and communication, as well as on social policy, will all have to be better co-ordinated at the national, regional and local levels. This calls for an improved and better-qualified information system that targets both the performance of individual LLMs, and aggregated systems of labour markets.

The transitional labour market in rural Sweden

The starting point for our empirical analysis is the hypothesis that an efficient labour market – i.e. with the optimal economic use of human, social and cultural capital – is both a primary engine for economic growth and a basis for individual careers in the widest sense. The assumption is that although the labour market in a political sense is increasingly international, its spatial characteristics are increasingly complex though they remain locally anchored (Nygren & Persson 2001). 1 As such we can see that there are forces working in several crosscutting directions here.

On the demand side, dealing with the care of the aged and other local service industries requires the adequate local supply of a committed labour force, while at the same time successive new generations of ICT and global “hi-tech” industrial networks diffuse the physical concept of a work-place. 2 There are conflicting and complementary theories explaining the location of workplaces in the new economy – from traditional agglomeration and more recent cluster theories, to theories of “indifference”. The latter meaning that new economic activity – i.e. corporations – is increasingly independent of any place-specific

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characteristics, and that regional growth is to a large degree a matter of coincidence (Curran & Blackburn 1994). Accordingly, different strategies come to be stressed in territorial industrial and innovation policy.

On the supply side, as mentioned earlier, the transitional characteristics of the labour market should now be seen more as the exception that the rule. There are a number of theories explaining this increasingly transitional labour force behaviour stressing the individual choice of life-style, life chances or careers perceived – or prevented – in different places. There are also theories stressing the importance of social capital, and whether it should be considered as a local or a global asset. Supply side oriented labour market policy is – slowly – adapting to the differing “tastes” of individuals and life-style groups. This transition can thus be viewed as a supplementary dimension to what is traditionally described as labour mobility, i.e. qualification or de-qualification careers, inter-industry mobility and inter-regional or international migration. Our hypothesis here is that these supplementary theories have to be considered in evaluating local labour market performance and sustainability.

In this labour market career approach, the following statuses (year t and year t+1) for each individual of working age are defined and dealt with:

- Employed (wage labour or entrepreneur).
- Pension.
- Studies.
- Unemployed.
- Sick leave.
- Parental leave.
- Social benefit.
- No public support.

The dominant engine of labour market dynamics is the available vacancies, here measured as annual deactivation rates. To fill vacancies in the national labour market, activation to employment occurs predominantly from the statuses, Studies and Unemployed. In a recession year (1994) recruitment from unemployment is more important in numbers, while the opposite is registered in an upswing year (1998). In the upswing year numerous young people with a modern education were directly absorbed into the labour market, Figure 1. Returns from sickness leave were not stimulated by the upswing in 1998; rather half cut the number of returns.

In the specific policy-relevant evaluation of the Swedish case, we focus on four double-oriented flows:

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In the empirical analysis, the transition rates in these dimensions in the following LLMs and aggregates of LLMs in Sweden are compared.

- Stockholm LLM, (Stockholm county).
- Objective 6 Sweden (covering a large sparsely populated area in NW Sweden).
- Objective 2 Sweden (aggregates of small or medium sized LLMs in industrial decline and in need for restructuring).
- Objective 5b (predominantly rural areas).

Annual recruitment ranges from 8.0 to 9.7 percent of the stock of labour each year, depending on the type of region (Table 2). This number was lower in peripheral regions (Objective 6 Sweden 9.5 per cent) than in the country as a whole.

Deactivation rates vary between regional LLMs from 7.5 to 9.5 per cent in the upswing year of 1998-99 (Table 1). Differences in total deactivation rates are however large between metropolitan (7.6 per cent) and peripheral regions (9.5 per cent).

![Status year before activation](image)

**Figure 1.** Status in year t for recruitment in year t+1 1994 and 1998.
Table 1. Deactivation rates in the upswing year of 1998-99.

<table>
<thead>
<tr>
<th>Status year t+1, %</th>
<th>Job</th>
<th>Stud</th>
<th>UE</th>
<th>Not employed</th>
<th>Pension,</th>
<th>sick</th>
<th>Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sthlm</td>
<td>92.4</td>
<td>1.7</td>
<td>1.4</td>
<td>3.5</td>
<td>1.0</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Rest o Sw</td>
<td>92.5</td>
<td>1.6</td>
<td>2.0</td>
<td>2.9</td>
<td>1.0</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Obj 6</td>
<td>90.5</td>
<td>1.7</td>
<td>3.4</td>
<td>3.1</td>
<td>1.4</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Obj 5b</td>
<td>91.9</td>
<td>1.5</td>
<td>2.4</td>
<td>3.1</td>
<td>1.1</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Obj 2</td>
<td>92.3</td>
<td>1.4</td>
<td>2.6</td>
<td>2.6</td>
<td>1.1</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>92.3</td>
<td>1.6</td>
<td>2.0</td>
<td>3.1</td>
<td>1.0</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Table 2. Activation. Transition rates to employment year t+1 from four status groups year t. Selected regions in Sweden. 1998-99

<table>
<thead>
<tr>
<th>Status year t, %</th>
<th>Job</th>
<th>Stud</th>
<th>UE</th>
<th>Not employed</th>
<th>Pension,</th>
<th>sick</th>
<th>Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sthlm</td>
<td>90.3</td>
<td>4.5</td>
<td>2.1</td>
<td>2.8</td>
<td>0.4</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Rest o Sw</td>
<td>91.3</td>
<td>4.1</td>
<td>2.6</td>
<td>1.7</td>
<td>0.3</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Obj 6</td>
<td>90.5</td>
<td>3.8</td>
<td>3.7</td>
<td>1.6</td>
<td>0.3</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Obj 5b</td>
<td>91.2</td>
<td>3.7</td>
<td>3.1</td>
<td>1.6</td>
<td>0.3</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Obj 2</td>
<td>92.0</td>
<td>3.5</td>
<td>2.9</td>
<td>1.3</td>
<td>0.3</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>91.1</td>
<td>4.1</td>
<td>2.6</td>
<td>1.9</td>
<td>0.3</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Looking at these differences in terms of the four statuses that are of interest in the current political debate over increasing labour shortages, namely to/from studies, unemployment, sick leave and retirement, we find two significant differences in labour market performance between the national average and rural/peripheral LLMs in Sweden. To illustrate this, we will display some transition rates between 1998 and 1999.

Firstly, net recruitment from unemployment is higher at the national level (+0.6 per cent) than in (aggregated) Objective 6 Sweden (+0.3 per cent). The difference remains in spite of the huge resources spent on labour market policy in this region. Secondly, sick leave rates are 40 per cent higher in the rural region than the national average. Returns from sick leave correspond to 30 per cent of those leaving for sickness in the nation as a whole, just 21 per cent in rural regions.

Evaluating individual labour market performance – bench-marking

In this benchmarking analysis, we evaluate the performance of each local labour market (LLM) in terms of deviance from the national rate for the following variables:
Retraining frequency – reflecting the opportunities to temporary leave the education system as a part of an individually chosen career, or as a part of a labour market policy scheme. We assume that high rates of this temporary transition improve the human capital, facilitate adjustment processes and thus contribute to the sustainability of the LLM.

- Student activation rate – reflecting the rate of renewal of the labour force in the LLM.
- Deactivation rate to Unemployment – reflects the speed of the structural change of labour demand vs. the supply side in the LLM.
- Reactivation rate from UE – reflects to a large extent the efficiency of labour market policy implementation.
- Deactivation rate to Sick leave, and Reactivation rate from Sick Leave, both assumed to reflect a complex set of local, social, individual and institutional factors, largely non-market forces.

The result of the benchmarking process depends on which indicator is considered (see below):

<table>
<thead>
<tr>
<th>Performance of 27 LLMs in Objective 6 vs country average</th>
<th>Retraining frequency</th>
<th>Student activation rate</th>
<th>Deactivation rate to Unemployment</th>
<th>Reactivation rate from UE</th>
<th>Deactivation rate to Sick leave</th>
<th>Reactivation rate from Sick Leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>11 of 27 LLMs better than country average</td>
<td>7 better</td>
<td>None better</td>
<td>10 better</td>
<td>12 better</td>
<td>5 better</td>
<td></td>
</tr>
</tbody>
</table>

The overall performance as regards these indicators in two (extreme) LLMs within Objective 6 Sweden in 1998-99 is calculated in Figure 2. Zero (0) for each indicator corresponds to the national index. While showing relatively similar performance in terms of sick leave de/activation and propensity for retraining/lifelong learning, the small LLM of Dorotea has clear difficulties in coping with unemployment and with the renewal of the local labour force through recruitment from the education system.
Figure 2. Labour market performance by 6 indicators in two selected Objective 6 LLMs. Deviance from Country average 1998-99.

Concluding remarks

In this chapter we have explained some of the characteristics of the emerging transitional labour market, using longitudinal employment data from Sweden. The transitional labour market concept describes the complex interactions occurring within the formal labour market in respect of each individual’s career over the lifecycle. As such, our focus has been on the complex flows of labour to and from employment, unemployment, sick leave and education, which reveal not only the feasibility and failures of policy at the local national and international levels, but also the individual and collective responses to various push and pull factors of a less tangible character. We have also explored how differential patterns of labour market performance could be evaluated using indicators based on longitudinal annual data. Using these indicators we are currently developing a methodology to evaluate policies influencing labour market performance in terms of the activation of labour to help achieve the common European goal of full employment, and to help facilitate transitions in all types of regions.

The differing level of performance of aggregate rural/peripheral labour markets and the national average in Sweden suggests that rural regions do not activate unemployed people at higher rates, but deactivate people to sickness...
leave to a larger extent. The ability for rural labour markets to reactivate sick people is however somewhat less than the national average.

However, it is of importance to note that the performance of rural/peripheral LLMs shows a wide variation as regards different indicators, in spite of their common status as Objective 6 areas, their common structural and institutional characteristics, sharing the same national labour market and social policy. This, in turn, suggests that policy design and implementation should become more adjusted to particular local conditions in order to achieve cohesion and convergence in terms of labour market performance within one and same regional category.

There are a number of policy measures relevant to the influencing of flows to and from employment at the transitional labour market. Coordination of measures and more flexibility in implementation is however desirable within labour market policy, structural fund policy, social and health policy as well as in education and the study support system. Elaboration of indicators such as activation rates promise to be useful instruments in support of these co-ordination efforts.

Finally, our analysis points to the most important conclusion of all, namely, that any national or international objective of x or y percent for employment at the aggregate level cannot be achieved without improvements in the performance of each and every single local labour market.

References


Towards an agenda for comparative rural research in the European North

Lars Olof Persson
Ann-Mari Sätre Åhlander
Hans Westlund

Global changes require adaptive rural policies

This book covers rural development issues from western Ireland to eastern Finland. A majority of the studies in the book deal with peripheral, sparsely populated areas with depopulation. This should not conceal that the countryside in more urbanized parts of Northern Europe face quite other types of problems. In both these rural settings, however, the fact that the business sector and the labour market are subject to substantial changes due to the transformation of society to a knowledge economy is an emerging challenge. The one question that remains towards the top of the agenda in the northernmost parts of Europe thus is, how could people and firms located in sparsely populated areas adapt and compete in a global economy with activities often organised in networks, clusters and projects? How can local labour markets, including small towns and rural areas, continue functioning when the old branches fade out and the public sector is pressed by cut-backs? One obvious but largely circular answer is that the communities that identify threats and opportunities at an early stage and are able react innovatively according to the new demands of a changing society will have chances to survive.

The transformation of the business sector has implied tremendous losses of jobs in rural areas, indirectly leading to lower local tax revenues and cut-backs in the public sector. It is possible that the new economic policy implemented in the 1990s, partly due to the influence of European policy, has contributed to new conditions for the social economy to become a lever for local economic development, itself partly compensating for cutbacks in the public sector, which in a sector economy are likely to affect sparsely populated regions especially hard. However, there appears to be an increasing awareness that the visible effects of the European Union structural fund programmes have, to a large extent, been only temporary. The Swedish Objective 2 evaluation stated for example that two years after the programme, most of the registered initial employment effects had already faded. The evaluation also noticed that in many places, a lasting project economy had been established in the sense that projects have to be supported by public grants in order to remain in being (see ex post evaluations of Objective 2...
Sweden at www.nutek.se). This means that the initial objectives, in terms of new employment and a more diversified industrial structure have not been met even some 3-4 years after the closing of the programmes.

Facing up to challenges and conflicts in rural communities

Across Europe there are not only large differences between each country, but there are also growing disparities between rural areas within each country. There are sparsely populated areas where out-migration since long is the predominant trend. At the same time the countryside around large and medium sized cities in certain instances faces substantial in-migration. As is shown in Lynch’s article, from the countryside’s perspective this normally positively perceived development is not always free of problems in an environmental context. In many of the more densely populated European countries, there are severe restrictions on new residential housing in the countryside.

In the sparsely populated regions of northern Europe the problems of the countryside are diametrically opposite to those in the densely populated parts of Europe. They are not threatened by urban sprawl or by the expectation of becoming a residential area for the middle classes working in the cities. Several parts of the sparsely populated areas of the north actually face the threat of ceasing to exist as populated areas. This means that the national regional policies oriented towards sparsely populated areas have to focus still more on social policy rather than on economic growth policy.

Kaalhauge points out that the “new economy” challenges the traditional industrial structure of rural areas and changes the interplay between countryside and city. This largely global process increases the difficulty of securing balanced societal development, and causes further fragmentation of rural communities. Kaalhauge addresses the role of traditionally embedded knowledge as a factor for coping with societal imbalances and securing long-term economic growth. However, he is pessimistic about the rural district’s ability to find simple solutions to its long-term sustainability problems. Gunnarsdotter is more optimistic in discussing how rural policy could be formulated to better correspond with the inhabitant’s – often divergent – conception of a lively local community. She suggests, as a complement to traditional policy instruments, the introduction of methods for handling conflicts and social learning, which empowers local inhabitants to take responsibility for a sustainable local community without either conserving or completely renewing it.

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1 Many American and British studies have highlighted this counter-urbanisation trend (see e.g. Boyle & Halfacree 1998). Westlund (2002) has shown these tendencies in Sweden.
Local associations, social networks and local economic development

To what extent and where can structural transformation be compensated for by local development work? Bay Nielsen’s study of a Danish community concludes that the impact of local associations and networks is predominantly indirect. Sätre Åhlander’s examples from the county of Jämtland in Sweden show how co-operative formation sets the stage for rural development in an area where the public sector is contracting and where there are no large private enterprises. It might be a co-operative of micro firms, a village co-operative, a workers co-operative, or a child care co-operative. What these cases have in common is that where people with the aim of staying in the rural area come together and collaborate this has – in these cases – started processes of development. These cases show that if the policy environment is supportive towards starting co-operatives in rural areas this might promote processes of development based on local initiatives. The author does however argue that such processes are not likely to compensate for traditional regional policy.

Westlund et al.’s comparison of two peripheral districts in Mid-Sweden shows that the support from political bodies towards local development initiatives has varied between the districts. This has resulted in differences in the number of development groups and in the social capital embedded in local culture, and in the leisure and service environments. This social capital has probably been an important factor behind people’s decisions to stay or move from the areas. There are however few examples to be seen of the social capital stock in these “leisure” environments spreading out to encompass changes in production environments, in the form of attitudes to entrepreneurship or risk taking, for example. These conclusions are supported by the available data on the effects of local development groups in Sweden. One conclusion common to the three articles is that there are crucial requirements that have to be fulfilled in order for the social networks to actually lead to economic development. Social and/or financial support from the public authorities is needed. Non-paid work has to become paid work. In addition, commercial activities managed by creative and devoted entrepreneurs have to play a part in this. This point is best illuminated through a number of evaluations of local development programmes.

These problems are illuminated from another angle in Gravsholt Busck’s study of farmers’ landscape management groups. To receive grants and to gain responsibilities delegated from the public authorities, local groups need to develop a professional and institutional profile. However, this positive recognition may in the long run become a problem in two ways: a high degree of delegation may lead to a loss of interest in the group’s activities by the public authorities. Moreover, a professional association may fail to encourage a local
culture of active, committed involvement, as activities become increasingly characterised by routine.

In effect there seems to be little support for Putnam’s ideas in the Nordic context. The depopulating regions in general have a strong civil society, whereas civic engagement and trust are among the lowest in the expanding metropolitan regions.\(^2\)

As regards the effect of the EU structural funds, evaluations point in the direction of the fact that the most important lasting effects are that the programmes have contributed to an increased level of preparedness and awareness in relation to structural changes. A change in the attitudes of the regional actors is seen as one of the most important outcomes (Swedish Objective 2 ex post evaluation). This may be interpreted as a first necessary step in a change to the social capital of the regions involved. Whether these changes in attitudes lead to the emergence of new actors and to the creation of new networks however still remains to be seen.

Research from Sweden indicates that firms who locate in a region have problems if they do not have good relations with other actors in the particular region (Berggren et al. 1998), thus indicating a positive relationship between the regional attachment of firms and regional development. In effect this highlights the importance of social capital for regional development based on local policies. This interpretation is also supported by Vesala and Peura’s study of Finnish “portfolio farmers”. The farmers running other businesses besides farming had better competitiveness and profitability while also enjoying more social relations in connection with their work. This underlines that the well-known importance of social relations, or social networks in general, for business performance is particularly valid in rural settings.

These results also support the well-known difficulties to influence local development by means of subsidies to firms who set up businesses in rural areas. At the same time, the existence of social capital may actually prevent the development of businesses that operate on the global market, businesses that are capable of adapting to changes in the macro-economic sphere at the national or international level. As the environment changes, demanding new solutions, productive social capital becomes less productive if it is dominated by the norms, values and knowledge of previous production systems. In such an environment, newcomers and entrepreneurs may have difficulty in developing entrepreneurial activities. This phenomenon is well known in Scandinavian countries and is often referred to by the Danish-Norwegian author Sandemoses expression “Jante-

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\(^2\) Putnam himself has even shown similar results for the U.S. Civil society’s social capital is among the strongest in the state of Montana and among the weakest in Los Angeles (Los Angeles Times, March 1, 2001) – a fact that is completely opposite to the scale of economic development in the areas concerned.
loven”. Some prosperous industrial regions, for example, have been unable to change their industrial structure and their social capital as society have changed.

In summary, although social networks may contribute to the sustainability of villages in the local context they may also constitute obstacles to economic development. This is not to say that such networks are unimportant to the survival of towns or regions. In effect, the prosperous regions may differ, depending on their current ability to create and use social networks.

An economic policy based on “bottom-up” and partnership principles

In rural areas in the North as elsewhere across Europe, “partnership” is increasingly used as a way of involving policy users in the formation and implementation of policy at the regional and local levels. Co-operation between the public sector, private actors and the social economy provides an alternative to privatisation when activities that have been built up by public means need to be cut-back or sold out to private actors for financial reasons. The possibilities inherent in the social economy have also become increasingly more concrete through partnership.

Partnerships in rural settings have met both acceptance and resistance. It is often noted that it is unclear who is actually in charge, the municipality or the partnership. The existence of many projects, each with many different participants, makes it difficult for the municipality to show how the money allocated to partnerships is spent, and what has actually been achieved with the money invested. On the other hand, as regards the Swedish Growth Agreements for instance, co-funding from the different partners is perceived as “value added” to local development projects. It is complained, that participants from different sectors tend to remain unequal, even if they commit themselves to work for common goals. Local entrepreneurs are generally unable to fill their working hours on projects.

In the study by Mustakangas and Vihinen, local communities were criticized for using allocated money to improve the village meetinghouse and the physical environment, rather than further developing local economic activities. Local action groups in village projects were focused on creating social capital and on increasing cooperation skills. It is not uncommon that the partnerships’ agreed common objectives are interpreted differently by the various different parties. Local communities are too small and too short of money even to fulfill the regulated tasks of providing good quality services to local citizens, and still less able to undertake any further societal considerations. The lack of experience and expertise is another problem in respect of community participation. The “bottom-
“bottom-up” perspective does not necessarily imply that a focus on local development also means economic development.

From the municipalities’ point of view, project fragmentation and the need to concentrate on improving local surroundings continue to pose significant problems. Although the projects fulfil the requirements of specific EU-programmes, this does not guarantee that they will look equally reasonable from the municipality point of view, or that they will fit into local development strategies. From the rural development point of view, different kinds of partnerships should be linked to a general local development strategy, so that the single projects could be more distinctly related to local economic development.

The fact that European funds have become an important source of financing for local development in Objective 1 and 2 areas partly explains the increased number of local developments groups in Sweden and Finland. The requirements of national co-funding stimulate cooperation. Voluntary non-paid work could possibly save money for the municipality, directly or indirectly contributing to the emergence of processes of local economic development, or to their continuation. Activities that rely on voluntary work are however vulnerable. The question remains to what extent municipalities and local action groups have similar goals.

The European Union’s policy of encouraging “bottom-up” initiatives and “partnerships” acts as a supplement to traditional regional policy. During the period of EU-membership, regional development has concentrated on the implementation of EU-programmes, and thus on the role of, and resources attached to national regional policy have diminished. Given the current circumstances of most municipal economies, where local basic service provision competes with EU-programmes for the same money, local authorities may thus be tempted to use the instruments of rural and regional policy as a means of dealing with their own statutory duties. There is therefore a risk that the potentials inherent in the social economy are thus used as an argument for cutting down the public sector. Another question concerns the issue of whether solutions within the framework of the social economy should be regarded as temporary.

A further problem occurs if the municipalities delegate part of their charge for welfare provision to the social economy. Mustakangas and Vihinen’s study indicates that the local communities do not as yet have an equal status as regards their participation in partnerships. However, the focus on “bottom-up” approaches may legitimise municipalities to delegate some of their own duties to local communities and village organisations. If people work voluntarily for local development without pay, the municipality may save money, thus indirectly or directly contributing to economic development. Such a development would probably however require a forceful national regional policy as well, that is, the
“bottom-up” policy built up around partnerships should be treated as a complement to, rather than as a substitute for a national regional policy.

Hård’s study illustrates further that “bottom-up” policies are not sufficient in themselves to achieve a national goal as gender equality. Within regional politics it is often stressed how important a ‘bottom-up’ perspective is in order to firmly establish the issues and to attain as wide an involvement as possible from the participants. A “bottom-up” perspective also seems to have been followed as regards her work with the Regional Growth Agreements in Sweden. But despite this fact it was noted by the majority of those interviewed in Hård’s study, that it is the directive from the Government together with clarity and recurring demands that give gender equality its legitimacy. Both “bottom-up” and “top-down” approaches are certainly needed when it comes to gender equality issues.

Business and market development in rural contexts

The majority of the countryside’s residents in the Nordic countries make their living in sectors other than agriculture. The fact that rural development does not necessarily equate to the development of agricultural businesses is slowly realised in the policies of the European Union. Vesala and Peura’s study indicates that there is potential in developing alternative rural businesses. Imagine, just for a moment, the development potential if the agricultural policies were transformed to rural business policies.

According to Sandberg, if a firm is a franchise or a subsidiary of a parent company a rural firm is likely to have the necessary information and communication technology infrastructure that compares well with their urban counterparts. Moreover, firms that face competitive or external pressure to use certain technologies seem to have the necessary infrastructure to do so. However, Sandberg’s study shows that there are independent firms with minimal technology who find themselves in situations where the owners are simply unaware of new developments in the field, or perhaps that they simply did not find a need for such technology. The latter aspect is probably linked to the goals of such entrepreneurs. Perhaps survival in the particular place where they have set up their business is more important than the development of the business per se. As Lithander puts it, the triggering events are a mix between serendipity and rationality that can be frustrating for the researcher, but are in effect reality for the entrepreneur. In effect, the development process seems far away from what is generally understood as “textbook rationality”, emerging rather as a combination of rationality, intuition and serendipity. An important question that can then be asked is, can society make the development process of an enterprise easier? One answer to this can be to increase the probability of meetings between potential entrepreneurs and “accelerators” through offering some form of a “contact
person” company pilot, mentor or the like. It is important that economically sound ideas can generate working opportunities and not just remain as hobbies.

Both Lithander and Persson stress the non-market characteristics of rural firms and rural labour areas. This leads to the discussion on how public policy in several fields could be better adjusted and coordinated in order to cope with “market failures” – or rather “non-market successes”. How should a growth policy for rural areas be designed and implemented, given that many rural entrepreneurs have obvious preferences for social goals and that rural labour supplies increasingly have to be directed to life-long jobs in public service provision? Another way to formulate that question is: is there really a need for a growth policy for each and all rural areas in the European North?

Finally, one significant challenge that most rural and small town based municipalities in the Nordic countries already face or will face in the near future sees the ageing population combined with the ongoing out-migration of labour force leading to an acute labour shortage in the social and health services. This problem cannot be solved by means of traditional market-led employment policy, nor can it be solved by means of non-market voluntary work. There will be a need for unconventional solutions, perhaps by introducing mobile regional labour pools, or temporary immigration schemes etc.

From local case studies to multifaceted, comparative research projects

The direct and indirect challenges emanating from shifts and shocks at the global level are perceived and met differently in communities along the rural urban continuum across Northern Europe. The fragile municipalities in the periphery, with their extremely sparse settlement patterns and aging populations, seek shelter under thick blankets of welfare policy. At the same time and in the same places, social and business activities are vividly supported by regional partnership for growth processes with multinational funding. The countryside in prosperous regions is in many places threatened by urban sprawl, gentrification and social tensions as a response to the profits generated by the new economy with global markets.

There is little doubt that sustainability particularly in an economic and social sense, is threatened in most rural areas in the North. The threats to ecological sustainability are comparatively limited at least in most rural spaces of the Nordic type. However, and fortunately, there is an increasing awareness of the need for organized coordinated action to cope with these challenges. As we have seen from within almost all chapters of this book, this awareness is usually at its highest at the local level, where ordinary people, businessmen, politicians and
professionals form various partnerships or associations in response to these external challenges and to articulate the needs of their particular community.

In evaluations of these local efforts the experiences are so far rather pessimistic as to whether they have contributed in depth to sustaining the sparsely populated areas. This is hardly surprising. Firstly, concerning ecological sustainability, local agendas *per definition* cope with very local problems, often leaving the global threats to be dealt with by other levels. Secondly, the current trends of population concentration (and their economic and social consequences) can in general not be reversed by local action.

This is not to say that local partnerships and empowerment through the social economy are ineffective or unnecessary. Many of the studies in this book show that it is possible to counteract the global trends in local communities if action is taken. However, these successful examples are in general isolated islands in a sea of stagnation. The question is of course if it is reasonable to expect anything else. Can something more be achieved? The answer is certainly no if responsibility for development is left to local actors alone. Regional and central decision-makers have to be both responsive and offensive as well. What these diverse studies do indirectly support is – the often asked for integrated approaches to cope with the different aspects of sustainability. Ideally, such integrated approaches presuppose coordinated action at different societal levels and between different sectors. Such approaches require more from the policy making and implementing levels. They require more knowledge on the ongoing processes on local level; they require resources not only to evaluate but also to analyse and learn from projects and activities. Such approaches require a real learning regional policy – which is easy to say but hard to achieve.

The problem is thus not a shortage of local examples of good practice. The problem seems to be a lack of a scientific basis for how such integration and learning could be designed and implemented. This is the challenge to the Northern European college of social scientists dealing with rural-urban development issues, namely to supplement this primary step of the consideration of local case studies, focusing on only one or two aspects of sustainability at the lowest geographical level – usually rural municipalities, local partnerships, rural businesses – in one country, and instead to organize research partnerships to come up with coordinated, international research projects covering multiple aspects of sustainable development along the full spectrum of the rural-urban continuum. As such, we consider this to be the major challenge facing the Nordic-Scottish University Network for Rural and Regional Development in the years to come.
References


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