Government, Agency and Place Leadership: Lessons from a Cross National Analysis

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Abstract

This paper argues that few accounts of place leadership have found an appropriate balance between structural and individual processes, resulting, on the one hand, in an over-emphasis on the actions of a limited number of charismatic leaders, and, on the other, structural analyses blind to the decisions and actions of individuals and groups. This paper attempts to offer a more balanced perspective through the examination of leadership in two, contrasting, sets of circumstances. It uses the differing economic, political, administrative and social structures evident in Finland and South Australia to better understand the ways in which structural conditions encourage, or limit, place leadership.

Key words: Place leadership, government, regional development, Finland, Australia

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1 Introduction

There is growing literature, and emerging consensus, on the nature, origins and expression of place leadership. It is generally seen that place leadership is an important influence on the economic and social performance of regions (OECD 2012; STOUGH, 2001; STOUGH, 2003; STIMSON ET AL., 2009). Rodriguez-Pose (2013) suggests that leadership may be the missing factor in our efforts to understand why some places grow and others do not, and there already is a growing body of evidence that leadership as an institution of governance is central to urban and regional development (OECD 2009, 2011; RODRIGUEZ-POSE, 2013; NIKLASSON, 2007; NORTH, 1990). Halkier (2013), for example, observes regional leaders play an important role in unlocking a region from its path and guiding it to new directions. Of course, as Bailey et al. (2010) show the challenge of economic restructuring may also be beyond local leadership capacities, while Sotarauta (2014) reminds us of the need to appreciate the indirect and long-term nature of place leadership: there are often several distinct phases with different leaders, sources of power and tactical challenges across the life of an initiative. This makes it difficult to appreciate the true impact of place leadership. All in all, in spite of the accumulating literature on place leadership, its definition and place in a wider analysis remains elusive.

The significance of place leadership is on the rise, as regional development increasingly calls for the integration of many earlier separate spheres of life, most notably economic, political and social life (GIBNEY ET AL., 2009, 5; GIBNEY, 2011). Place leadership may comprise many different leadership approaches but is essentially concerned with (a) facilitating interdisciplinary development strategies and practices across institutional boundaries, technology themes and professional cultures and (b) ensuring the comprehensive engagement of various communities so that they would be able to contribute to and benefit from the development processes and outcomes of them (GIBNEY ET AL., 2009; COLLINGE and GIBNEY 2010). In these kinds of processes, leaders may lead without formal power, and as Liddle (2010) points out, also formally assigned leaders often work beyond traditional boundaries in unchartered territories with state, non-state, business, and auxiliary organizations that are often ill-defined and poorly networked, and with imprecise boundaries and role ambiguities. While leadership is usually equated with formally constituted power, and while government positions are important – Members of Parliament, Mayors, government-appointed boards, *et cetera* – place leadership is rarely confined only to those who hold proscribed office only (SOTARAUTA ET AL., 2012). 'Place leaders' may act without formal authorization, but in response to community needs.

Place leadership, it is argued, is less hierarchical than in conventional government or corporate settings, and relies upon, and aims to boost, consensus, trust and collaboration, rather than the processes and procedures of bureaucracy or the capacity of individuals to direct others. Place leadership is shown to depend more upon the resources and knowledge already embedded within a place than upon external resources, and this style of leadership calls for deeper engagement with the public, private and non-government sectors (GIBNEY 2009; HORLINGS, 2012). Thus the relationship between formal government and place leadership is complex, and it represents a subset of the ambiguities embedded within the shift to urban and

regional 'governance' in many developed economies (GEDDES, 2005). This boundary spanning role is significant, playing a transformative role (BASS, 1985) that opens up the possibility of new and creative solutions to apparently intractable 'wicked' problems, such as entrenched disadvantage, high rates of unemployment, limited innovation and declining regional incomes.

This paper employs a strategic-relational approach (JESSOP, 2001; LAGENDIJK, 2007), in order to understand the contextualised and instituted nature of social action, specifically that of place leadership. It is a part of a special issue on leadership in urban and regional development with a special purpose to provide the first ever cross national analysis of place leadership. This paper follows Lagendijk's (2007) notion that regions are constructed both discursively and materially through a myriad of processes. It is possible to make sense of these by analysing them through the concept of place leadership. Place leadership is one of the ways to reinsert both "structure" and "subject" into accounts of regional processes (LADENDIJK, 2007), as it permits investigation of places as "a spidery network of dispersed intentions, knowledge's, resources and powers" (PHILO and PARR, 2000, 514). This paper uses the analysis of place leadership in Finland and South Australia to identify on the ways government structures influence leadership. Using data drawn from a survey of leaders in Finland and Australia, the paper explores the impact of government structures in shaping the emergence, work and discourse of place leadership.

2 Government and Place Leadership within Regions

2.1 Place leadership

Increasing interest in place leadership represents a growing recognition of the need to reinsert questions of agency in accounts of regional performance, as attention has focussed almost exclusively on structural factors at the expense of understanding the human drives of change. The place leadership literature argues regions need competent and influential actors with well-developed leadership capacities if they are to engage with social, environmental and economic processes in a responsive and strategic fashion (HORLINGS and PADT, 2013; SOEBELS ET AL., 2001). The leadership challenge is formidable as the policy environment is complex, and as localities are continually shaped and reshaped by diverse sets of local, regional, national and global processes, working singularly or in partnership (COLLINGE ET AL., 2010).

Collinge et al. (2010) argue that the need to better understand place leadership reflects a blurring of roles in regional or urban development, as well as the introduction of new processes. Collinge and Gibney (2010) distinguish between the leadership *of* places vis-a-vs leadership *in* places, and consider the social construction of leadership, with leaders and followers both considered important in bringing about change. While the "great person" or "leadership trait" approaches to leadership were long the most recognized perspectives (see YUKL, 1999), contemporary regional research has tended to emphasise the relational and processual nature of place leadership, characterised by:

- fragmented or shared actions, events and incidents amongst a whole series of organisations and leaders, rather than the processes that flow from the top down;

- processes where not all leaders are formally recognized (and sometimes people with formal positions may exercise little or no leadership); and,
- multi-scalar, dynamic and interactive governance processes (MORRISON, 2007) that bring together national, local and regional governments, firms, universities, research institutions, as well as public or semi-public development agencies.

Place leadership is characterised by the mobilisation and co-ordination of activities of independent actors to achieve local, community or regional aspirations. Leaders as individuals, and groups of individuals, tend to possess a greater range and depth of assets – including commitment to advancing the region - than other actors (Sotarauta 2005). Earlier studies have shown that enabling resources are widely distributed across the economic, political and social landscape (SYDOW, 2011) and this in turn forces place leaders to work across institutional settings. This includes higher education, industry, unions, and government structures. Bennet and Krebs (1994) maintain leaders need to turn external pressures into internal responses, and this is achieved through a variety of mechanisms, including the stimulation of stakeholder engagement via knowledge brokering (GOMES and LIDDLE, 2010; BEER and BAKER, 2012; GIBNEY, 2011), mustering local support and by networking with key individuals.

Place leadership is about influencing the ways collective interpretations of local phenomena emerge and those able to build bridges between informal and formal initiatives are likely to take leadership positions (HORLINGS, 2010). Place leadership is therefore embedded in the social fabric of places (PETERS, 2012) and, more specifically, in the social relationships of networks, including policy networks (SOTARAUTA, 2014; MACNEILL and STEINER, 2010). Leaders face constant pressure to make sense of rapidly evolving situations, including shifting social networks, policy redeployments and the re-ordering of public sector priorities. The complex, and at times ambiguous, role of leadership comes at a cost to individuals in terms of their personal time, career development or potential business opportunities (GRAY and SINCLAIR, 2005). Stimson et al. (2009) acknowledge this, and argued regions with greater levels of “slack resources” (which may take the form of key individuals with available time or public resources focussed on regional issues) are likely to benefit from a greater depth and breadth of leadership, and may recover more quickly from economic shocks.

2.2 Governments, Power and Place Leadership

Government is a fundamental institution in all nations, and this reflects both its formal structures of power and administration, but also its capacity to create new institutions and reshape existing ones. The significance of government for place leadership cannot be over-emphasised, with Parkinson (1990, 21-22) arguing some places are characterised by political differences that mean that “no coherent response, negotiation or agreement among a broad range of political and social groups is possible”. Elsewhere, however, stable and coherent leadership is a central part of a region’s competitive advantage (STIMSON et al., 2009; STOUGH et al., 2001).

A number of authors notes that nations where power is centralised are less likely to foster the rise of place leaders and are more likely to follow models of government that impede regional

or local initiatives (BEER and CLOWER, 2014; PARKINSON et al., 2012). Centralised systems of government tend to focus narrowly on specified outputs and outcomes, while devolved systems of government are more likely to adopt a strategic approach to the social and economic environment confronting regions (STIMSON et al., 2009). Stimson et al. (2009) characterise the degree to which systems of government favour, or impede, the emergence of place leadership. Importantly, they assess some of the more devolved systems of government, such as the US and Germany, as highly favourable to the emergence of local leaders, while centralised systems of government, such as Australia or the UK generated adverse conditions for local leaders. Importantly, Finland is seen to occupy a middle position, with a strong central government but significant responsibilities and powers devolved locally. Australia's government is characterised by the formal devolution of powers through federalism, but the effective centralisation of authority and resources. The weakly developed nature of regional programs and services in Australia is one manifestation of this imbalance, with one national Parliamentary committee (HRSCPIRS) (2000) noting the negative impacts of change to government programs, including the withdrawal of services to regions, the loss of leadership from communities as governments and businesses centralise and the failure to deliver a sustainable health system across non-metropolitan Australia. Gray and Brown (2006) examine data on the social attitudes of Australians and concluded there remained a strong appetite for fundamental reform of the Australian federal system, largely because of evident failures in service delivery and co-ordination. The two nations considered in this study, therefore, represent markedly different positions on the Stimson et al. (2009) spectrum.

Not all perspectives on place leadership award priority to the decisions and actions of central governments. Neo-Foucaldian perspectives on leadership (ARGENT 2011; HERBERT-CHESHIRE and HIGGINS, 2003; HERBERT-CHESHIRE et al., 2007) argue that power is diffuse and held by both governments and the governed. This body of work presents place leadership as a new form of *emergent* governance, derived from both local agency and broader structures of power. It contends that the attempts of central governments to exert control from afar generates a new dynamic – governing at a distance – which in many ways empowers local leaders to reinterpret and redirect central government directives (BEER 2014). This body of work implies that some form of local leadership is an inescapable feature of social life, and that while its shape and form will vary in scale and in response to differing circumstances, it is a critical component of community wellbeing.

3 Regional development structures in Finland and Australia

3.1 Government arrangements for regional development in Finland

Since the mid 1960s the Government of Finland has aimed to reduce regional disparities through spatial policies that boost development in individual regions (VARTIAINEN, 1998). Since the 1990s, many traditional regional policy instruments have been displaced by technology, innovation and knowledge-based mechanisms that focus on the competitiveness of regions (TERVO, 2005; MOISIO, 2012). Simultaneously, regions have been seen as the authors of their own development, rather than subscribing to the earlier view that they should

be the objects of top-down policies (VARTIAINEN, 1998). Consequently, the selection of policy tools has become more versatile and regional development policies aspire to be comprehensive and integrative, with a goal of breaking down traditional government silos (NIKLASSON, 2007; FROY and GIGUERE, 2010).

The Finnish regional development system is a complex constellation of local, sub-regional, regional and central government agencies, which is partly embedded in the regional policy of European Union. The Regional Development Act and government decisions on national regional frames are central to economic development, furnishing formal platform of operations. The Ministry of Employment and Economy is responsible for regional development at national level, while at the local level, municipalities use their own resources to promote local development. They enjoy strong, constitutionally-guaranteed, local autonomy and the strength of local government is enabled by its fiscal powers: municipalities have a right to levy taxes (local income tax; real estate tax; a share of corporate tax) and collect fees and charges. Under the Regional Development Act, local government and the state share responsibility for regional development. In the 1990s, sub-regional co-operation between municipalities was institutionalised. Several local solutions to regional co-operation have been created, with experiences varying greatly across the country.

Regional Councils are responsible for regional development and planning at scales greater than individual local governments but less than Finland as a whole. They are statutory joint municipal authorities, and as such are formed and principally financed by the municipalities and while the Regional Councils have statutory responsibility for development at the regional level, the management of development funds is being divided amongst many organisations. In consequence, Regional Councils do not have adequate resources to implement their planned policy measures and they therefore stress their role as mediators, facilitators, and initiators. In addition to a Regional Council, every region also hosts two key institutions: (a) a Centre for Economic Development, Transport and the Environment responsible for the regional implementation and development tasks of the central government; and (b) the Regional State Administrative Agency which promotes regional equality by carrying out executive, steering and supervisory tasks laid down by law. Regional Management Committees are collaborative bodies with a membership drawn from the important organisations in the region. Their function is to co-ordinate regional development programmes and they have a statutory role with a strong mandate, but strict control from the state (TOLKKI et al., 2011). Both the formulation and implementation of regional development plans are based on extensive co-operation between public agencies, as well as universities, other educational institutions and private firms. In this way, co-operation and co-ordination between actors is institutionalised in Finland.

Overall, the institutional arrangements for regional development in Finland are relatively complex and publicly-led, with a suite of development agencies operating at different levels. The system as whole is well funded compared to Australia but individual agencies are not. For these reasons, the Finnish regional development practices are largely indirect in nature, and

the success of development strategies is quite largely dependent of the functionality of both formal and informal policy networks (SOTARAUTA, 2009).

3.2 Government arrangements for regional development in Australia

Australia has a federal system of government, formed in 1901 when the six British colonies formed one nation. Australia's version of federalism has shaped the policies and practices of regional development, with the State and Territory governments retaining responsibility under the Constitution for matters of territorial development. This arrangement has restricted public sector engagement with regions, as taxation powers largely reside with the national government, the tier of public administration least engaged with territorial development. Brown (2006) notes Australia's system of government exhibited a much higher level of concentration of fiscal powers than other federal systems, such as Brazil, Germany or the USA. There are approximately 560 local governments spread across Australia, created under the legislation of respective State Governments. The powers of local governments vary considerably across the States, and they also vary in size, with some measuring several thousand square kilometres, and others 10 km or less in area. In population terms, the Brisbane City Council accommodates more than 800,000 residents, while smaller suburban and rural councils have 3,000 or fewer. Many local governments award considerable priority to issues of regional development, but their engagement is limited by their restricted financial and other resources. As Logan (1976) notes, local governments in Australia often exhibit the strong interest in regional development, but have limited resources restricted resources with which to bring about change.

Since the 1980s regional development in Australia has been affected by the neoliberal philosophies of Australian governments, at both the State and national levels (BEER et al., 2005; GRAY and LAWRENCE, 2001). This has resulted in a relatively "thin" network of institutions at the regional scale, and limited government support for regional development. Regional development is challenged in Australia by a complex public discourse that equates "regional" issues with rural or non-metropolitan Australia (Beer 2012), carrying with it distinct party political overtones (CONWAY, 2006; CONWAY and DOLLERY, 2009; GRAY and LAWRENCE, 2001).

The current national arrangements for regional development in Australia were established in 2008 under the Rudd Labor Government. Building upon existing State, Territory, national and local government structures, it established 55 Regional Development Australia (RDA) Committees. The Committees were created to provide local intelligence for Australian Government programs; to assist in the development of plans for the provision of infrastructure; to generate strategic plans for the economic future of the region; and, as a mechanism to support other regional initiatives funded by the Federal or State Government (BUUTJENS et al., 2012). RDA Committees have a government-funded staff including a Chief Executive Officer and support personnel, as well as a Board comprised of volunteers selected via public call. Each Committee is required to prepare a strategic plan – a Roadmap - but otherwise the operations, strategic focus, financial support and human resources vary considerably. In South

Australia the strength of the previous State-sponsored Regional Development Boards meant RDA Committees have enjoyed financial support from three tiers of government, an arrangement unique to the state. By contrast, Western Australia separately maintained its well-developed network of Regional Development Commissions.

The institutional arrangements for regional development in Australia are not systematic, instead they are marked by overlapping responsibilities and territories, the duplication of effort, and an on-going process of accretion whereby new initiatives are implemented without thought to the rationalization of existing organisations (Beer and Maude 2005). Australia's network of RDA Committees operates in addition to a range of pre-existing structures and agencies, some of which have been created by State governments, while others - such as Regional Organisations of Councils (ROCs) – are a product of local governments. Individual communities and groups of communities (BEER, 2013) have also created locally significant entities, while philanthropic groups, the business community and industry clusters have overseen the establishment of agencies of various forms.

To most observers the institutional arrangements for regional development in Australia appear chaotic and under-funded relative to needs (BEER ET AL., 2003; HOGAN and YOUNG, 2014; BUUTJENS, 2012). Beer et al. (2003) compare regional development agencies and their activities in four nations – the USA, Australia, England and Northern Ireland – and concluded Australian agencies played a facilitative role in development: they were active in lobbying governments; networking with others; providing advice to small business, strategic planning; and, promoting tourism. However, they lagged behind their international peers in the implementation of more sophisticated approaches to the growth of regions, including technology transfers; supply chain management; cluster building and land development.

4 Methodology and Data

Most analyses of place leadership rely upon case studies to both furnish empirical evidence and provide a basis for theory building (see COLLINGE et al., 2010; BAILEY et al., 2010; HERBERT-CHESHIRE and HIGGINS, 2003; SOTARAUTA et al., 2012). While case-studies allow for the rich analysis of context, processes and outcomes, there is limited scope for comparative analysis and the examination of issues of governance or institutional arrangements. To overcome this shortcoming, a survey was targeted at acknowledged leaders in regional development. It represents the first international comparative survey of place leadership, and thus it is experimental in nature. Finland and Australia were seen as potentially significant comparators, with both occupying geographically peripheral positions in the world economy and confronted by a number of substantial development challenges. The survey was developed in English and subsequently translated into Finnish, with all respondents completing the survey in their first language. Following ethics approval, individuals were invited to complete the survey via the internet. It is important to acknowledge that the use of a survey instrument has the potential to generate unique insights into place leadership, but brings with it potential biases. Most importantly, the results reflect the subjective assessments of individuals and their views may be overly positive or negative. The survey did not provide

respondents with background information on the nature of place leadership, and the responses may therefore reflect an individual's partial knowledge on the topic, or their own circumstances. We acknowledged and accepted this potential shortcoming, but felt that it was more important to not influence the responses to identify the ways place leadership is constructed in two different nations.

In Finland the survey was implemented nationally, and this reflected the uniformity of institutional arrangements across the country. The questionnaire was sent to all parts of the nation including the largest urban centres, regional cities, towns and rural districts. Surveys were directed to acknowledged leaders in the public and private sectors, including economic development practitioners (SOTARAUTA, 2009; 2010). In Australia, the implementation of the survey was limited to one state – South Australia – in recognition of the profound differences between jurisdictions. All parts of South Australia were included in the survey, including the state capital – Adelaide – with a population of 1 million, as well as the non-metropolitan regions.

The questionnaire was sent to key individuals in prominent organisations – such as RDA Committees in South Australia and regional development agencies (both state and local government), local government and the relevant ministries in Finland – with respondents asked to complete the survey and nominate additional participants. This "snowball sampling" technique was used until saturation was achieved (HAY 2000). Approximately 90 individuals were approached to complete the survey in Australia and 290 in Finland. Some 158 surveys were completed in Finland and 36 completed surveys were received in South Australia, with the difference in the number of respondents reflecting both the relative size of their populations and the level of engagement with regional issues. The questionnaire largely relied upon pre-structured questions, using Likert scales, though a limited number of open-ended questions were asked. The disparity in numbers – and the inability to accurately identify the total population of potential place leaders in Finland and South Australia – rules out a representative sample and inevitably places some limitations on the use of the data. Hence, the data presented here provides a qualitative summary of the complex quantitative material collected. The data were analysed a series of cross-tabulations in SPSS, with results summarised to draw out the key outcomes. This abbreviated presentation reflects the need for brevity in the presentation of the findings, while aiming to reveal the differences in place leadership.

The place leadership literature allows us to generate critical propositions that can be investigated empirically and they explore the relationship between place leadership and the structure of government in each nation, the factors that enable human agency as place leadership to emerge, and the ways leadership has found expression. The place leadership literature leads us to expect that the form of government will have an impact on both the level of leadership evident in regions and the nature and expression of it; second, participation in place leadership will vary with the nature of government; third, a greater level of "slack resources" in a region will result in stronger place leadership; fourth, leadership is likely to be

more hierarchical and power-driven in Australia compared to Finland; fifth, in all settings place leadership will be identified as a collaborative activity, focussed on consensus building and vision setting; seventh, place leadership is likely to be more strongly developed in Finland than in Australia.

The fact that place leadership is not necessarily associated with formal office means leadership activities are often hidden from public view. This in turn creates challenges for the collection of data as there are few informants able to provide objective, informed assessments. This challenge was dealt with by surveying known leaders and those active within leadership networks.

It is important to acknowledge the potential influence of social, economic and cultural context on data collection. While Finland and Australia are both developed nations, the economy of South Australia is dependent upon a manufacturing sector that has been under significant pressure, as well as agriculture and mining. By contrast, over the past 50 years Finland has transformed itself from a rural and resources based economy to one centred on the knowledge economy and the creation of new technologies, while maintaining a strong manufacturing sector. When compared with Australia, Finland is distinguished in having a much more significant government sector, with public sector outlays at 43 percent of GDP compared with 27 percent in Australia (OECD 2013).

5 Place leadership in Australia and Finland

5.1 Are there leaders, and what are their institutional origins?

The leadership of places can emerge from the decisions and actions of organisations – such as government departments, community groups, not-for profit organisations, or businesses (COLLINGE and GIBNEY, 2010), or it can be a product of the actions of individuals working collaboratively (KROEHN et al., 2010). Participants in the survey were asked to identify which types of organisations and groups of individuals holding formal positions performed key leadership roles in their region. Local governments were considered an important source of leadership in both Australia and Finland, although this role was recognized more strongly in Finland where they were acknowledged as the most important source of place leadership. This reflects the strong institutional position of local government in the Finnish system of government. Regional organisations were acknowledged as exerting a weakly positive impact on leadership in Australia, and regional councils enjoyed a strong formal position in Finland and were seen to have a positive impact on place leadership, but a very limited impact in Australia. Labour organisations (unions) were not considered a significant source of leadership in Finland, but were seen to be a negative or strongly negative influence in Australia. This finding is consistent with the outcomes of earlier research, which concluded labour organisations have a very limited role in regional development in Australia (MAUDE, 2003).

Universities and science parks were a more prominent part of the leadership dynamic in Finland than in Australia. Community groups were considered unimportant in both Australia

and Finland while technology centres, business associations, vocational and professionally-oriented higher education institutions did not make a substantial contribution to place leadership in the former nation but made a modest contribution in the latter. However, tourism associations and individual businesses were more significant in Australia than Finland. State (sub-national) government departments were considered important leaders in both nations, though to a greater degree in Finland, while national government departments (ministries) were not a significant source of leadership in Finland but were important in Australia.

Organisations such as specialist regional bodies or local governments are one source of place leadership, but the actions of individuals constitute another, equally important, origin for local leadership. Importantly, in both Finland and Australia some 92 percent of respondents reported that could identify persons who took the lead in local economic development for their region. Australian respondents were able to identify a greater number of individual leaders. Almost 50 percent of Australian respondents considered that 20 or more individuals served as leaders in their region, compared with just seven percent in Finland. Fully 67 percent of Finnish respondents nominated between 6 and 20 individual leaders.

Respondents to the survey were asked to identify the institutional origins of individuals who served as place leaders in their region (Table 1). It is clear from the data that there are both similarities and differences in the backgrounds of place leaders in Finland and Australia. In both nations local business owners, the representatives of large multi-locational firms, local government staff, state government employees, industry groups, and, to a limited degree, universities were an important source of local leaders. Importantly, there were also significant differences between the two: political parties, the elected officials of State Government (Members of Parliament), the media, and Mayors were accepted as an important component of leadership networks in Finland but not in Australia. Philanthropic organisations and venture capitalists were more significant in Finland than in Australia, but relatively unimportant in both. Consulting firms were the only source of leadership evident in Australia that were not also considered significant in Finland, and all this in turn suggests that the pathways to leadership in Finland are broader and potentially more effective than those in Australia.

The absence of an engagement by political parties, State Government elected officials, Mayors and the elected officials of local government in Australia with place leadership is, perhaps, unexpected. It stands in stark contrast to Finnish experience and reflects the limited resources available to elected members of local governments and - at the Australian state level - the Westminster system of government, which tends to emphasise broader agendas and party politics over local concerns. In addition, the strength of local government in Finland both formally and in place leadership results in a more nuanced understanding of local and regional conditions than in Australia. More generally, it can be concluded that there are more channels for leadership, and therefore more substantial networks of influence, in Finland than in Australia and therefore a more positive engagement with regional development. The inclusive style of the Finnish government provides potential place leaders with stronger formal

platforms upon which to emerge. Additionally, the devolved Finnish regional development structure resulted in Finnish respondents commonly acknowledging types of public organisations as sources of leadership, where far fewer Australian respondents saw public-sector entities as sources of leadership.

Table 1. Origin of Place Leadership Operating Within this Region: Australia and Finland

	Australia	**Finland**
Multi Locational Firms	Yes	Yes
Local Entrepreneurs	Yes	Strongly Yes
Local Government Employees	Yes	Yes
State Government Employees	Yes	Yes
State Government Elected Officials (members of the parliament)	No	Strongly Yes
Local Government Councillors	No	Yes
National Government Employees	No	Not Applicable
Venture Capitalists	No	No
Financial Institutions	No	Yes
Philanthropic Organisations or Individuals	No	No
Business Owners	Yes	Strongly Yes
Political Parties	No	Yes
Media	No	Yes
Cultural or Sporting Group	Weakly Yes	Weakly Yes
Mayors of Local Government	Weakly Yes	Strongly Yes
Chief Executives of Local Governments	No	Strongly Yes
National Lobby Groups	No	No
Labour Unions	Strongly No	No
University Leaders	Weakly Yes	Strongly Yes
Renowned Academics	No	Weakly Yes
Science Park Staff	Yes	Strongly Yes
Consulting Firms	Yes	No
Industry Groups	Weakly Yes	Strongly Yes
Small Business Associations	Yes	Yes

5.2 Processes and capacities that empower leaders

Respondents to the survey were asked to identify the processes and capacities that empowered leaders within their region (Table 2). They were also asked to identify the leadership capacities they – as leaders – were able to employ in effecting change at the regional level. In many ways the responses affirmed the findings of earlier research on transformational leaders (BASS, 1985, BYCIO, 1995), with individuals able to articulate a vision for the region, convince others of a course of action or pathway (SMAILES, 2002), display a willingness to share power with others, collaborate effectively with fellow leaders and supporters and deploy their personal networks for the benefit of the region (SOTARAUTA, 2009; 2010). Leaders were also seen to have the time needed to address the needs of the

region, the capacity to introduce new ways of thinking and had the respect of other individuals with influence. These characteristics were common across Australia and Finland, thereby suggesting a universality to place leadership that may well reflect its emergent quality. The responses suggest personal qualities and capacities associated with place leadership are couched within, and enabled by, government structures that facilitate the leadership process. Power relations are evident, though perhaps submerged, in place leadership, with key individuals able to direct others to a particular course of action, change institutional pathways, reward others for their work on the region, determine public sector expenditures, and direct strategy formation.

Table 2. The Processes and Capacities Seen to Empower Place Leadership: Australia and Finland

	Australia	**Finland**
Possesses the Knowledge to Convince Others	Yes	Strongly Yes
Has Strong Personal Networks	Yes	Strongly Yes
Possesses the Power to Direct Others	Strongly Yes	Yes
Possesses the Power to Change Institutions and Direct Growth	Yes	Strongly Yes
Has Good Relations with the Media	Yes	Strongly Yes
Has the Time to Focus on the Region	Strongly Yes	Yes
Has the Authority to Reward Others for Work on the Region	Strongly Yes	Yes
Introduces New Ways of Thinking	Strongly Yes	Strongly Yes
Can Determine Public Sector Expenditures	Yes	Strongly Yes
Is Respected by Others with Influence	Strongly Yes	Yes
Can Direct Strategy Formation	Weakly Yes	Strongly Yes
Is Willing to Share Power	Strongly Yes	Yes
Works Well with Others	Strongly Yes	Strongly Yes
Is a Long Standing Resident	Strongly Yes	Yes
Can Articulate a Vision for the Region	Strongly Yes	Strongly Yes

The data also suggest outcomes that were unexpected: in both Australia and Finland good relationships with the media were seen to be important, and being a long-standing resident of the region was also considered important. Neither factor has previously been considered in depth by the place leadership literature, although the importance of communication has been highlighted by earlier studies (SMAILES, 2002; BASS, 1985; SOTARAUTA, 2014) while some of the literature on power relations and leadership in rural communities has highlighted the importance of long-established residency and power cliques in small townships and agricultural districts (GRAY, 1991).

5.3 Capabilities and roles

Respondents to the survey, as leaders, identified within themselves the same set of capabilities and roles that they saw as important for place leadership generally (Table 3). They awarded priority to the potential influence of personal networks, the ability to share power and work well with others, holding the respect of others, the willingness to share influence, the capacity to articulate a vision for the future, the ability to make time to adequately address

the needs of the region and the holding of new concepts or ideas for the development of that locality. Holding positions of authority or power was also seen to be important, particularly with respect to the capacity to direct others for their work on the region.

Table 3. Characteristics of the Respondents to the Survey: Australia and Finland

	Australia	**Finland**
Long Standing Resident of the Region	Yes	Yes
Able to Articulate a Vision for the Region	Yes	Strongly Yes
Works Well with Others	Yes	Strongly Yes
Shares Influence with Others	Strongly Yes	Strongly Yes
Expert Knowledge that Convinces Others	Strongly Yes	Very Strongly Yes
Personal Networks of Influence	Yes	Strongly Yes
Power to Direct Others	Yes	Yes
Power to Change Rules to Facilitate Development	Yes	Yes
Good Relationships with the Media	Yes	Yes
Time to Work for the Region	Yes	Yes
Authority to Reward Others for their Work on the Region	Weakly Yes	Weakly Yes
Sufficient Financial Resources to Achieve their Goals	Weakly Yes	Weakly Yes
Possesses New Concepts to Convince Others	Yes	Strongly Yes
Power to Determine How Development Funds are Used	Yes	Yes
Others Respect their Expertise	Yes	Strongly Yes
Personal Networks that Enables them to Deliver Initiatives	Yes	Strongly Yes
Authority to Direct Strategy	Weakly Yes	Strongly Yes
Authority to Change Organisation of Development Work	Weakly Yes	Yes
Expert Knowledge to Convince Key People	Strongly Yes	Strongly Yes
Is a Conduit for Funds	Weakly Yes	Weakly Yes

Finnish respondents to the survey tended to be older, better educated and more experienced than their Australian counterparts. Almost 60 percent had been associated with regional development for 15 years or more, compared with just 16 percent of Australian respondents. Critically, 25 percent of Finnish respondents held a PhD and fully 75 percent held a post-graduate qualification of some kind, three times the rate for Australia. Many Finnish respondents held specialist degrees in the social sciences, technology or business, while business degrees were dominant amongst the Australian participants. Critically, the data suggest a greater level of professionalization, and richer human capital, amongst leaders in Finland than Australia. This difference is a product of high levels of higher education in Finland (both generally and in regional development related issues) relative to Australia generally, and a significant gap in post-graduate qualifications in non-metropolitan Australia.

Effective communication and the capacity to debate issues is an important dimension of place leadership and respondents were asked about the nature and quality of debates in their region. Table 4 shows that regional discourse is more strongly developed in Finland than in Australia. When compared with Australia, Finnish leaders felt they were more able to speak freely about the needs of the region, that leaders were more likely to receive support for their efforts, and

that there was a high degree of trust between actors. The Australian data reinforces the findings of other – case study based – analyses of leadership in Australia (BEER, 2014; ARGENT, 2011; DAVIES, 2007) highlight the tendency of governments to seek to centralize power within their own structures. Leadership development programs were equally available in both nations, though Australian analyses are highly critical of their purpose and implementation (DAVIES, 2007; HASLAM MCKENZIE, 2001). Respondents in Finland and Australia both acknowledged the tendency of key actors to compete, and this is likely to be an important, but under-examined, part of the place leadership dynamic. It is an especially striking observation, as respondents in both countries simultaneously stress the importance of co-operation and co-ordination. It seems that one of the central issues in place leadership is finding a balance between competition and co-operation.

Table 4. The Nature of Regional Discourse: Australia and Finland

	Australia	**Finland**
People Speak Freely About the Needs of the Region	Yes	Strongly Yes
Dedicated Actors are Supported for Lead Development Efforts	Weakly Yes	Yes
Leadership Development Programs Are Available	Yes	Yes
Local Actors Trust Each Other	Weakly Yes	Yes
Key Actors Compete With Each Other	Yes	Yes

Survey participants were asked to respond to a series of statements on the functioning of regional development systems in their region (Table 5). In general terms, despite differences in government structures and policy making, the responses across the two sets of respondents converged, reflecting the contemporary focus of regional development actors on strategy formation within an environment of limited resources to deliver the outcomes detailed in these plans (BUUTJENS et al., 2012). There was a shared perception that central agencies and authority dominate regional development. There was muted evidence of a lesser level of collaboration in Australia relative to Finland. Finnish respondents agreed that one or more organisations took responsibility for the overall development of their region, whereas leaders in Australia perceived this to be absent. Australian respondents also reported “leadership deficits” (BEER and CLOWER, 2014) in economic development in their region. In both nations leaders felt that their region had a good relationship with central government, but Australian respondents, unlike their Finnish counterparts, believed central government acted as an impediment on growth. These data suggest that the relationship between place leaders and central governments differs between Australia and Finland, and this reflects the asymmetries embedded within Australian federalism, the fact that Australian leaders tend to derive their authority from outside of government – business, non-government organisations *et cetera* – rather from their roles in the public sector. It may also be a function the nature of the leadership task they are required to perform. In contrast, many Finnish leaders clearly derive their authority from inside government but need to deploy a range of influence tactics in order to leverage their formal authority.

5.4 Key factors in the place leadership

The survey asked respondents to nominate how important a number of leadership-related issues were for the successful development of a region (Table 6). In both nations, sufficient time to adequately address development questions and access to financial resources was considered important, but more so for Australia. This outcome is consistent with the findings of Beer et al., (2003) who note regional development practitioners in Australia reported more pressing resource shortages and spent more time seeking funding than their contemporaries in other nations. In Finland, regional development is professionalised with most actors having their own resources or access to external funding. For regional development actors in Finland finding resources and time for development efforts is a question of balancing almost limitless demands against finite budgets (SOTARAUTA and LAKSO, 2001). Leaders in Finland and Australia differed markedly across a number of the questions. While both sets of respondents reported that good communication and community support was critical, Australian respondents did not award priority to engaging with external stakeholders, members of State Parliament, residents, community leaders or local business figures. Finnish respondents attached priority to working with all potential stakeholders, including external stakeholders. Overall, the pattern of responses suggests that the practice of place leadership in Australia is focused on influencing a relatively narrow group of stakeholders already engaged with regional development issues. The Finnish system appears much more open and inclusive. However, in neither nation was great priority attached to working with residents, the end beneficiaries of regional development efforts. Overall, however, Finnish leaders appeared to adopt a set of perspectives consistent with the "systems" perspective outlined by Hartz-Karp (2007a&b), which she identified as a

> …radical change in how we view reality….From this paradigm, we will be able to understand that we are all integral elements of a "web of life", inter-related and inter-dependent (HARTZ-KARP, 2007a 2).

Respondents to the survey from Finland had a solid set of strategies for understanding their relationship with others, and using that knowledge to maximise outcomes. Leaders in Australia had a perception of their role that was more atomised and isolated, with greater emphasis on conflict and tension with others.

Table 6. Key Factors in the Place Leadership: Australia and Finland

	Australia	Finland
Sufficient Time	Strongly Yes	Yes
Access to Resources	Strongly Yes	Yes
Presence of Multiple Agencies	Yes	Yes
Community Support for Initiatives	Yes	Yes
Strong Relationship with Internal Stakeholders	Yes	Yes
Strong Relationship with External Stakeholders	Strongly No	Yes
Support of Members of Parliament	No	Yes
Support of Local Government Elected Officials	Strongly Yes	Yes
Support of Local Businesses	Yes	Yes
Good Strategic Planning	Strongly Yes	Yes
Good Communication	Strongly Yes	Very Strongly Yes
Involvement of Residents	No	Weakly Yes
Involvement of Business Figures	Weakly Yes	Yes
Involvement of Government Officials	Yes	Yes
Involvement of Community Leaders	Weakly Yes	Strongly Yes

Finally, it is important to acknowledge there were significant differences in the overall assessment of place leadership between Finland and Australia. Some 48 percent of Finnish respondents considered the local leadership of their region to be effective to either a substantial, or very substantial degree, compared to just 5.6 percent of Australian respondents. By contrast 39 percent of Australian respondents considered the leadership of their region to be not effective at all, or effective to only a limited extent. Only 18 percent of Finnish respondents provided a comparable negative assessment of the effectiveness of leadership in their region. We can only conclude there are significant differences in the quality and quantity of place leadership in the two nations. These differences span the ways in which leadership is constructed, expressed and enacted, its perceived impact on regional wellbeing, and importantly, on how the government structures enable place leaders to act.

6 Conclusion: Understanding Place Leadership in Finland and Australia

In many respects research into place leadership and its contribution to the development of regions sits on a cusp: at one level, there is a growing recognition that it is an important contributor to the growth of regions and that it needs to be incorporated into the formal models of regional development and adaptation (OECD 2009; HORLINGS and PADT, 2013), and at another level, there is mounting evidence on the *instances* of place leadership, and the ways it both emerges and finds expression. There has been a gap, however, in the development of more systematic insights into place leadership, in establishing it as an objectively-verifiable phenomenon and in exploring its relationship both with the institutions of government and the practices of regional development practitioners and other actors. The research presented here significantly advances this agenda, permitting us to draw conclusions on the universality of place leadership, the ways in which the arrangement of the institutions of government affect place leadership and the steps potentially available to governments seeking to mobilise

local leadership. Additionally, it identifies the key dimensions of place leadership and experimented with them for future empirical studies on place leadership.

The case study literature on place leadership has generated the appearance of universality, with comparable phenomenon identified in a number of places in different countries – Austria, the USA, Canada, Mexico, the UK, the Netherlands et cetera - and under different institutional and cultural settings. The robustness of this conclusion, however, is open to challenge because of the reliance on qualitative studies of a small number of subjects and the absence of relevant systematic data sets. The capacity to draw firm conclusions is further confounded by the challenges of language – place leadership is a complex and multi-faceted concept – and few within the general community have the capacity to readily draw out its constituent elements in order to identify its presence or absence (see also SYDOW et al., 2011). Our research provides a firmer foundation for the examination of place leadership, as it is clear that the Finnish and Australian participants shared an understanding of this phenomenon, even if they were unable to label it as such. They identified place leadership as characterised by collaborative action, a focus on achieving outcomes, the sharing of power, the capacity to introduce new ideas into a region, the articulation and communication of a vision for that locality and interaction with the formal channels of authority within government. In both nations, the collaborative, boundary-spanning role of place leadership was seen as crucial, but it was also important to have a relationship with formal authority and power external to a region. Proscribed responsibilities and resources underpinned the leadership roles of individuals and assisted in the facilitative role leaders played in advancing development. This shared understanding, and social construction of leadership at the regional scale, has profound implications for the further development of scholarship in this area, and potentially, the construction of more advanced models of regional economic change.

While documenting the shared understanding of place leadership, we must also acknowledge that a more nuanced comparative analysis is likely to reveal that underneath the high-level similarities evident between nations, there are grassroots differences in the ways place leaders mobilize themselves and other actors. Hidle and Normann (2013) and Blazek et al. (2013) demonstrate significant differences in the practice of place leadership within nations, and comparable gaps should be anticipated across national boundaries too (see BRUUN, 2002a and 2002b). Moreover, when examined in detail the data presents a more complex picture of place leadership, one that is marked by profound differences in the way it finds expression across the two nations. Place leadership was not perceived to be equally effective in both nations and, importantly, the characteristics of leaders differed in important ways across Finland and Australia, despite regions in both nations being confronted by similar challenges.

Place leadership in Finland appeared grounded in well-developed public sector institutions, with specialist staff, with specialist training, underpinning economic development efforts at the regional or local scale. By contrast, place leadership in Australia appears to have a greater dependency on the voluntary efforts of individuals from the private sector and the broader community. Its relationship with government was indirect, and marked by a tension between

the centralizing tendency of central governments and the need for independently-minded local leaders to engage with governments to secure resources. Place leadership in Australia appeared less open than in Finland, and this was reflected in a reluctance to debate regional needs publicly, as well as a lower level of engagement with residents, the community and voluntary sectors. The available evidence leads us to conclude that place leadership in Finland is institutionally based, while in Australia it is individualized. At a fundamental level the findings reveal the influence of the "deep" and often overlooked, influence of national governance arrangements on place leadership: Finland is a co-ordinated market economy, while Australia is a liberal market economy (HAL and SOSKICE, 2001). Place leadership, as it finds institutional expression in Finland, is one manifestation of strategic interaction amongst firms, public agencies and other actors. This type of interaction is common in co-ordinated market economies, while in Australia place leadership operates in more a competitive environment, where non-market relationships are valued less highly.

In her writing on deliberative democracy, Hartz-Karp (2007b) has argued that systems of governance that are not fully representative, deliberative and willing to share influence tend to produce poorer outcomes and have lower levels of community support. Government processes in Australia have significant deficits in all three dimensions of deliberative democracy, with formal roles often allocated a party political basis (CONWAY, 2006; CONWAY and DOLLERY, 2009), power concentrated in central government agencies (Brown 2006) and limited effort made to engage the general public in a meaningful way (HARTZ-KARP, 2007a). This is reflected in the relative unimportance of elected Members of Parliament and the elected officials of local government (including Mayors) in place leadership was an unexpected outcome from the Australian tranche of the survey. Local government members may have difficulties engaging with local – informal – leadership because they are unpaid, as well as the substantial commitments associated with holding office, and the difficulties they face in engaging with a long-term, relatively specialized, issues such as economic development. The absence of a significant impact by Members of Parliament reflects a different set of dynamics, including the Westminster system of government that tends to prioritise national or state-wide issues over the needs of individual localities.

This paper set out to answer a number of questions about place leadership that emerged out of the published literature. First, the paper found that the form of government had an impact on the level of leadership evident in regions and the ways in which place leadership found expression. This was reflected in the level of perceived effectiveness of place leadership and in its orientation: there was a greater focus on interaction with a limited number of internal agencies in Australia, and a more open set of practices in Finland. Second, the research found that participation on place leadership varied with the nature of government. The stronger public sector, and especially the constitutionally and fiscally powerful role of local government in Finland compared with Australia opened up a wider set of opportunities for potential leaders, and allowed for a level of professionalism in place leadership unseen in Australia. Third, the paper has shown that "slack resources" are significant in enabling place leadership to develop, with the more developed Finnish leadership networks better able to supplement

their own resources with those obtained from the public sector. Fourth, there is evidence that leadership is more hierarchical and power driven in Australia than in the Finland, and this is reflected in the openness to broad debate and the perception of central governments. Fifth, in both Finland and Australia place leadership was identified as a collaborative activity, focussed on consensus building and vision setting. Sixth, place leadership was more strongly developed in Finland than in Australia, as reflected in overall assessments of effectiveness.

Place leadership has found expression in two very different ways in Australia and Finland, with the former characterized by a more individualized and fragmented approach, while a greater level of systemization, a stronger involvement marks the latter by the public sector, a well developed knowledge base and a more technocratic perspective. Institutional or governmental factors have driven these differences. These findings lead us to question what other approaches to place leadership exist and further research across a broader span of nations is needed to shed light on this question.

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