The changing role of OECD Territorial Reviews in policy conception and regional development[1]

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Introduction

In 2003 the OECD came out with the first in a series of territorial reviews on urban and metropolitan areas[2]. Until 2010 it has been almost 20 reports on metropolitan regions and in addition to these, also many reviews of OECD countries including metropolitan regions. The OECD territorial reviews are believed to be important and there are different kinds of indications on that. Firstly, *the processes of making these reports are engaging a lot of different actors and resources* from OECD and, especially the regions involved who are financing the reports.

Secondly, *policy-makers and other decision-makers frequently read these OECD reports.* In an international conference[3], held in Gothenburg in April 2010, where an estimated 70 policy-makers and researchers were present, more than 50 percent had read at least one OECD territorial report in the past twelve months.

Thirdly, *policy-makers often refer to OECD reports.* According to Alasuutari & Rasimus (2009), who studied documents from national policy debates in Finland between 1991 and 2008, about 3 percent of the total amount of documents referred to OECD. A similar study in Canada (Alasuutari & Pal, 2010), between 1997 and 2009 also shows a substantial amount of references to OECD in national policy documents.

During the international conference in Gothenburg 2010 the role of OECD territorial reviews on metropolitan areas was discussed among policy-makers involved in regional development. The discussion focused on a set of questions, which were believed to be exceedingly intriguing.

- What are the OECD conclusions and suggestions on regional governance?
- How do they correspond with contemporary practice?
- Is there a specific 'OECD policy' or does the perspective in the territorial reviews only reflect the opinions in each region? Does it matter?
- *How* has the OECD perspective on metropolitan policy developed and *why*?

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[2] Helsinki, Finland (2003); Öresund Copenhagen/Malmö, Denmark/Sweden (2003); Vienna/Bratislava, Austria/Czech Republic (2003); Melbourne, Australia (2003); Athens, Greece (2004); Montreal, Canada (2004); Mexico City, Mexico (2004); Busan, Korea (2005); Seoul, Korea (2005); Milan, Italy (2006); Stockholm, Sweden (2006); Newcastle in the North East, United Kingdom (2006); Randstad Holland, Netherlands (2007); Madrid, Spain (2007); Cape Town, South Africa (2008); Istanbul, Turkey (2008); Toronto, Canada (2009); Venice, Italy (2010).

[3] "The role of the regions" – Workshop in Gothenburg, Sweden, 28-29 April 2010.

This chapter will highlight these questions, by discussing: (1) the role of policy and concepts in regional development, beginning with what we know about regional policy transfer and policy learning; (2) the OECD influence on policy concepts and (3) how region (policy) concepts influence practice.

The questions above are relevant to the on-going strategic development process in the Öresund region and the Stockholm region. In 2010, Stockholm did a follow-up of the OECD territorial review from 2006 and in 2011 the OECD will present a territorial review of Skåne County; situated in the Swedish part of the Öresund region. In this chapter the experiences from the development in these and other regions are compared with the development of the framework used in the OECD territorial reviews.

The model used in this chapter to explain concept-driven processes was originally developed during comparative studies of transnational regionalization processes in the late 1990's (see Boye, 1997, 1999) and has then been further developed (e.g. Boye, 2008). It has, after this, been further developed during a series of longitudinal studies of strategic processes in the Öresund region. The model builds mainly on a theoretical framework of the social institutional theory (Whitley, 1992) and the resource based theory (Wernerfelt, 1984; Barney, 1991; Grant, 1991; 1996). The general methodology used is case study (e.g. Yin, 1991; Merriam, 1998) and abductive approach, being a mix of deduction and induction (Alvesson & Sköldberg, 1994; Boye, 1999). The model of concept-driven processes is here related to the theories of policy transfer (e.g. Stone, 1999; Dolowitz & Marsh, 1996) and policy learning (Hall, 1990), partly using a similar theoretical framework. The main perspective used focus on social construction and the role of institutional agents.

The role of policy and concepts in regional development

From policy transfer to policy learning

As a starting point we will look at the purpose of the OECD territorial reviews of metropolitan areas as expressed by OECD in 2003[4]:

> "The objectives of territorial reviews are:
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> a) identify the nature and scale of territorial challenges using a common analytical framework;
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> b) assist governments in the assessment and improvement of their territorial policy, using comparative policy analysis;
>
> c) assess the distribution of competencies and resources among the different levels of governments; and
>
> d) identify and disseminate information on best practices regarding territorial policy and governance."

Regarding the purpose of the OECD territorial reviews of metropolitan, this can be seen as a matter of "policy transfer" (see e.g. Stone, 1999; Dolowitz & Marsh, 1996). Stone (1999) refers to Dolowitz & Marsh (1996) and Evans (1999), arguing that the term policy transfer is related to

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[4] OECD Territorial Reviews – Öresund, Denmark/Sweden, OECD, 2003, p 3.

other terms, emphasizing certain aspects of such transfer. Following this discussion, policy transfer can be seen as the result of four types of processes:

First, *lesson drawing* (Rose, 1993) is a voluntaristic process where a decision-making elite import policies developed in another country or region. Stone (1999) points out, by referring to Robertson (1991), that lesson-drawing is not politically neutral.

Second, *external inducement* (Ikenberry, 1990) is a coercive, not voluntaristic process where policy makers in one country or region have an impact on how policy is developed in another country or region.

Third, *policy convergence* or *policy diffusion* (e.g. Stone, 1999) is a process driven by structural forces where the policy-making elite has a more passive role. This kind of process tend to be more coercive and the regional policy becomes more reactive towards external forces, e.g. in the EU.

Fourth, *policy learning* (Hall, 1990) is a process characterized by cognition and redefinition of interest based on new knowledge. This kind of process influences the underlying beliefs and ideas upon which policies are made. This process, as pointed out by Stone (1999), does not necessarily end up with policy transfer. It may as well result in a new unique policy or termination of a certain policy. Compared to the three other processes, this kind of process seems to be characterized by being voluntaristic and driven by structural forces rather than by strong policy-making elites

Furthermore, OECD territorial reviews are tools for cross-national (or regional) policy comparisons and, in that way they can contribute to innovation. Schneider & Ingram (1988) argue that national governments tend to be introverted and unless examples from other countries (and regions) are brought forth through analysis, changes will be incremental.

Regional policy and context dependence – towards an idea- and concept-driven development process

Comparative studies can be used, not only to learn what can be transferred from one region to another, but also to learn about unique contexts in different regions. In order to learn about the strategic pre-conditions concerning the development of growth poles in cross-border regions a comparative study of three growth poles was conducted in the end of the 1990's (see Boye, 1997, 1999). The regions: the Hong Kong-Guangdong region (in China), The SIJORI-region, including Singapore-Johor (in Indonesia)-Riau (in Malaysia) and the Öresund region represented different geopolitical contexts. At the same time they were all cross-border metropolitan regions with an internationally competitive industry. The comparative study focused on an industrial regionalization process and revealed three ideal types of transnational industrial regionalization processes: market-, policy-, and idea-driven processes.

The market-driven integration process, which seems to be the pre-dominant mode in Hong Kong, is based on resource-complementarities, such as a factor market with heterogeneity in demand and supply among actors in different sub-regions. If left to natural market forces, this will develop a high degree of economic connections linking the sub-regions. Such economic linkages between regions can take several forms, including: investment flows; flows of labour, skill, and techno-logical know-how; commodity/service flows through vertical value chain linkages or general trades through market transactions; and flows of household and tourist consumptions spending. In an ideal situation, the establishment of these regional ties through free-market competitive forces would cause allocations of resources to be optimized, resulting in net welfare gains from the efficient exploitation of resource complementarities and agglomeration economies (Barney

and Ouchi 1986). This exploitation, by actors trying to maximize their profit through rational calculation, will include vertical specialization across the border, resulting in economies of scale and scope[5] (Chandler 1990, Milgrom and Roberts 1992).

The policy-driven integration process, which to a high degree seems to characterize the SIJORI region, is based on government regulations and policy regimes. Consequently, inter-regional economic linkages may fail to develop fully or not at all. The process is initiated by or pursued according to a vision usually expressed in a written contract or document. Ordinarily a course or principle of action is adopted or proposed by the government, following a previous decision or agreement, committing it to participate in the process as a facilitator. This political intention or plan generally includes facilitating cross-border flows of investments, labour, finance, and goods; or the provision of adequate infrastructure for transport and communication, as well as promoting investments in the region, including reducing the political risk involved. Due to the critical role of the government, this aspect of regionalization processes can also be seen as a "top-down" government-driven integration process.

The idea-driven integration process, which is particularly visible in the Öresund region, is based on one or more abstract ideas or general notions held by the dominant coalitions in the region. Such images or regional definitions are utilized to give the region an identity or image in order to create a favourable position in the international arena and attract investors to the region. Popular regional concepts or identities usually have a functional approach to an international arena, such as seeing regions as: competence centres, infrastructure and communication hubs and gateways, potential home markets, etc. Concepts are commonly used to communicate an *idea* or *mental picture*, trying to justify the allocation of additional resources, feeding a further integration process. Often it seems as if the regionalization process in the Öresund region is driven by multiple competing ideas and concepts that, in turn, vary during the process.

These are all processes aimed at increased interaction. However, unlike the market-driven process, which is mainly based on the activities of companies, and the policy-driven process, which to a great extent depends on the government's intentions and actions, the idea-driven process involves a mix of significant institutional agents. Different organizational actors, such as local authorities, firms, labour market organizations, educational and research organizations, have their own intentions and activities, and this influences the formation of the region.

Over time, these three driving forces that are briefly described above may occur in one region as a mix or in sequence, even though one is more dominant than the others. In the Öresund region, for example the regional development process includes different phases. The agreement to build a bridge between Sweden and Denmark in 1991 is an example of a political decision followed by a period consisting mainly of idea-driven process in the mid and late 1990's. The bridge, which was opened in 2000 in combination with differences in cost regarding labour, living, commodities and services in Copenhagen (Denmark) and Skåne County (Sweden) stimulated cross-border market integration. This in turn has increased the demand for a second physical link between the countries and in 2010 political decision-makers in Skåne County started to lobby for a new tunnel. At the same time it was decided for an OECD territorial review of Skåne County.

The anatomy of region concepts and the role of institutional agents

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[5] Economies of scope can be achieved by locating different parts of a value chain, which often requires different mixes of factors, in different locations that have the appropriate factor endowments. Economies of scale can be achieved either in distribution, financial, and business services or in public infrastructure networks, such as telecommunications and transportation facilities.

In the end of the 1990's, there were over a hundred mission and vision documents dealing with the Öresund region. However, only a few of these visions have been able to attract people's attention and grow stronger, thus favouring further action in line with that particular vision.

Some of these visions are more elaborate, and outline a distinct role or function for the region in a particular business or industrial context. These "region concepts" span from notions developed to position the region in its geopolitical context (e.g. a Learning Region in Northern Europe[6], a Hub for the Baltic Sea, a Maritime Centre located at the gateway to the Baltic Sea[7], etc.), to concepts based on particular competencies (e.g. Öresund Food Network, Medicon Valley, etc).

However, of all the mission and vision statements and region concepts proposed, just a few tend to endure, while others fade away. Strong region concepts, on the other hand, seem to survive, and serve as a trigger for action. These powerful concepts or cognitive frames are crucial to the constitution of the Öresund region—the region, as a concept, becomes the soil of the region itself. At the same time, the Öresund region becomes a stage for new concepts that, in turn, will trigger off further action and developments in the region. There are many competing concepts in the arena. They are the key elements—the essence—of the platform for action. Some of these region concepts tend to become institutionalized. These institutionalized concepts incorporate values and norms as well as enforcement mechanisms, such as incentives and sanctions. They do not solely have a crucial role in terms of guiding the development of the Öresund region, but they also have a persuasive effect on industry-related activity within the area. Old concepts generate new ones, and as a consequence, this emerging region, based on regional industrial concepts, could encourage the creation of new concepts, thus giving new meaning to the region.

A closer analysis reveals that the concepts that survive seem to contain five elements. To begin with—as concepts—they are *metaphorically rich,* giving a vivid impression of the core ideas in the concept. This implies, for example, the use of picturesque language in outlining the meaning of the concept, as well as symbols and metaphors for the key idea behind the concept, for example, "hub," "gateway," "bridge," "valley," "nexus" or "link." It is interesting to note how many of these metaphors allude to different forms of spatial clustering. The key idea here is to *establish cognitive frames* that "logically" and persuasively lead one's thoughts in a certain direction. This is often supported by "theoretical" arguments, using concepts such as economies of scale and scope, the notion of industrial clusters and core competencies, learning regions, innovation systems, triple helix and so on.

Another element often contained in the concept is its *positioning in a geopolitical context*, such as; "Northern Europe," "Scandinavia," "The Baltic Sea Region," or even the positioning in a global context in terms of "international competencies" or "global competitiveness." Embedding the concepts in a wider competitive context of, for example, international regionalization (this is especially evident within the EU) also relates the region to potential "competitor" and "customer" markets.

A third element which characterizes many of the region concepts is that they are based on *existing local competencies,* in terms of industry (e.g. "food industry," "medico-tech industry" etc), trade (e.g. "transport hub," "maritime centre" etc.) or service ("digital university" etc.). This makes the concept trustworthy, and secures adequate support in the region. But it is not only the "hard" competencies that are counted, but also those related to values, norms, and regulative institutions. The choice of the "Human Capital" as the brand concept actually indicates that "soft" competencies are considered to be particularly important in the Öresund region.

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[6] See e.g. Maskell & Törnqvist, 1999.
[7] See e.g. Ernst & Young, 1992.

The fourth element is the use of *legitimating analogies* in the description of the concepts. Frequently this takes the form of comparisons or analogies to existing prosperous regions or metropolitan areas (e.g., the San Francisco Bay Area, Silicon Valley, Hong Kong, Singapore, or the Boston-Cambridge region in Massachusetts) that, in a way, are expressions of collectively valued standards. Reference to OECD and different regions and countries within also relate to this element. This legitimacy aspect is also recognized by Alasuutari and Rasimus (2009), who point out that the regions within OECD, are believed to be the most sophisticated and dynamic market economies. Furthermore, regional policy-makers might try to follow OECD standards of best practice, as it will contribute to the regions image of being qualified.

Finally, region concepts also contain references to *supportive agents and agencies* in and outside the region. The inscription of firms, labour market organizations, universities, government agencies and international governmental organizations such as the OECD, act not only as supporters, but also as partners in the various concepts, strongly support the case that has been made. Alasuutari and Rasimus (2009) identified different reasons for referring to OECD. Together with those mentioned above they also found three that relate more to the OECD itself. Firstly, OECD is believed to be reliable as its recommendations are based on research and science. Secondly, OECD is believed to be neutral and following its recommendations will contribute to increased competitiveness. Thirdly, OECD is believed to stand for "modernity" and adopting its conceptual framework will give the regional policy a sense of development towards something better (See also Lodge, 2005). A similar point is made by Eklund (2007), who studied the policy process of adopting the innovation system concept in Sweden. He found that, the use of the innovation system concept transferred legitimacy from the OECD to the already existing strategy of making the universities a resource for the economic needs in society. "If other countries in the OECD had transformed their research policy into an innovation policy, Sweden risked falling behind if it did not do the same." (Ibid: 135). However, Eklund also points out that the adoption of this popular OECD concept was not a "passive fashion-following reception", but rather a process where "domestic actors actively pursuing their own agendas, picking up and using fashionable concepts if and when it benefitted them" (Ibid: 145). This process is similar to how strategic actors in the Öresund region used popular region concepts in order to influence the development in line with their own interests.

The OECD *influence* on policy concepts

A policymaker perspective

Several scholars have recognized the OECD as an important agent influencing national and regional policy processes, as mentioned before. For example: OECD playing the role as referent in a process of *policy learning* (Hall, 1990) or the transfer of policy from international organizations, such as the OECD to national policy debates, giving the OECD a role as **a** *transfer agent* (Stone, 2003).

There are some basically different ways in which the OECD can influence policy concepts in particular countries and regions. Firstly, policy-makers can *adopt the content* of OECD-policy, i.e. recommendations and views of development trends etc. Secondly, policy-makers can *bench mark* their region's development in comparison with other regions and countries. Thirdly, policy-makers can, by referring the OECD, bring *legitimacy* to an already existing policy.

Experiences from Finland and Canada regarding OECD as an international referent in national policy debates show that there are different kinds of references. In Finland, Alasuutari & Rasimus (2009) identified four categories of references to the OECD, which where also evident in Canada (Alasuutari & Pal, 2010):

1. *Comparisons between OECD countries (ranking – 'lagging' or 'leading').* This category can be seen as a matter of bench marking.
2. *The OECD as a body of expertise (a neutral body).* This is a matter of legitimacy.
3. *OECD models and recommendations (a source of detailed models and public policy recommendations).* This is a matter of adopting content.
4. *Adaption to global development trends (countries' need to adapt to global trends).* This can be seen as a matter of adopting content.

The references to OECD are based on some common assumptions. In the Finnish case Alasuutari & Rasimus (2009: pp. 99-102) identified five assumptions for references to the OECD:

1. *OECD's image and respectability from credibility of science-based recommendations.*
2. *OECD represents the 'most dynamic and advanced market economies'.*
3. *Seeking an image of competence by emulating OECD standards.*
4. *Following OECD recommendations will contribute to developing competitiveness.*
5. *The importance of being 'modern' – taking part in the evolutionary process.*

These assumptions can also be seen in the Swedish case concerning the innovation system concept (Eklund, 2007), where reference to OECD was made in order to give legitimacy to an already existing project.

In addition to the assumptions listed above there is also one, saying that *uniqueness is not important* and that *standard models are unproblematic*. When it comes to adopting the content of the OECD policy, policy-makers in different countries tend to de-emphasize the uniqueness of their own region or country. In the study by Alasuutari & Pal (2010), Canadian ministers referred to "…the OECD as an objective source of basic international models…" "…to portray policy initiatives as simple routine, reflecting standards of models that existed throughout the OECD and hence were unremarkable." (p 22) "In most of the references, the objective seemed to be to minimize national uniqueness and emphasize the overwhelming force of global trends and the consequent need to adapt to them." (ibid. p 22).

The OECD perspective on how to influence policy

What does the OECD say about the territorial reviews influence on policy?

In addition to the national/regional perspective given by the previous discussion concerning national policy-makers references to the OECD we can take OECD's perspective. One way to do this is by (1) studying the purposes and objectives given in the OECD reports and (2) studying what the OECD say about their own conceptual framework. In order to better understand the content of the OECD policy framework and how has it changed we will compare some statements from territorial reports covering different metropolitan regions during the time between 2003 and 2009.

The purpose of the OECD territorial reviews

In order to see the change over time we will look at three different reports, i.e. OECD territorial reviews of metropolitan areas. The first, OECD Territorial Reviews – Öresund, Denmark/Sweden (OECD, 2003), says the following:

> "The objectives of territorial reviews are: a) identify the nature and scale of territorial challenges using a common analytical framework; b) assist governments in the assessment and improvement of their territorial policy, using comparative policy analysis; c) assess the distribution of competencies and

resources among the different levels of governments; and d) identify and disseminate information on best practices regarding territorial policy and governance." (p 3).

The statement above is implying "a)" that it's possible to identify the challenges in each region using a common framework. This is in line with the policy-makers assumption, which was discussed earlier, saying that *uniqueness is not important* and that *standard models are unproblematic.* Concerning "b)", it's also saying that 'comparative policy analysis' is an important method when it comes to assess and improve territorial policy. This objective is in line with one of the reasons for the Finnish and Canadian policy-makers referring to the OECD. Regarding "c)", where the objective is to 'assess the distribution of competencies and resources among the different levels of government', particular regional interests might explain it. This concerned a cross-border region (i.e. the Öresund region) competing with Stockholm, the capital of Sweden. The last objective, "d)" says that the OECD reviews will identify 'best practices regarding territorial policy and governance'. This might contribute to regional policy concepts in two ways (1) bench marking and (2) legitimacy, as best practice will be found among those regions that have been reviewed.

In the second report: OECD Territorial Reviews – Stockholm, Sweden (OECD, 2006), the objectives statement has changed compared to 2003. It says the following:

> "Responding to a need to study and spread innovative territorial development strategies and governance in a more systematic way, the OECD created in 1999 the Territorial Development Policy Committee (TDPC) and its Working Party on Urban Areas (WPUA) as a unique forum for inter-national exchange and debate. The TDPC has developed a number of activities, among which a series of specific case studies on metropolitan regions. These studies follow a standard methodology and a common conceptual framework, allowing countries to share their experiences. This series is intended to produce a synthesis that will formulate and diffuse horizontal policy recommendations." (p 3).

Now OECD points out that the objective is to '…study and spread innovative territorial development strategies and governance in a more systematic way…' and '…allowing countries to share their experiences…'. This statement is a change towards a "policy learning" perspective rather than a "lesson drawing" perspective, which was the case in the objectives in 2003. Furthermore, the OECD is arguing that the series of reviews '…is intended to produce a synthesis that will formulate and diffuse horizontal policy recommendations. ' This formulation, even if it's not as specific as in 2003, implies an instrumental view on causality between the common conceptual framework and the policy recommendations to a region.

In the third report: OECD Territorial Reviews – Copenhagen, Denmark (OECD, 2009), the two last sentences in the objectives formulation were changed.

> "These studies following a standard methodology and a common conceptual framework, allow countries to share their experiences, and are intended to help formulate and diffuse horizontal policy recommendations." (p 3).

The formulation '…produce a synthesis that will...' was edited to '…help…' which is a less instrumental view.

The OECD policy framework

In the OECD Territorial Reviews – Öresund, Denmark/Sweden (OECD, 2003) four focus areas were considered (see table 1 below). The same four were used in the case of Stockholm in 2006, but *Networking and knowledge development* was altered into *Innovation and knowledge (clusters).* In 2009, in the case of Copenhagen – that is a part of the Öresund region, OECD added two new focus areas: *entrepreneurship* and *urban amenities.* The following change in the policy framework indicates a shift in perspectives, from manly economics to include also sociology, geography and business.

A framework for comparative studies with the ambition to consider areas, such as innovation and entrepreneurship stress the need for relevant indicators in addition to the more traditional economic parameters used in earlier OECD reviews. It can be noted that the new OECD framework and conclusions from 2009, compared to the 2003 review were more in line with the results from the studies in the end of the 1990's (Boye, 1997 and 1999), using a social construction perspective.

The recommendations given on *governance* are in line with the present challenges in the three regions respectively. In the Öresund region, there was a need for cross-border policy, which neither one of the two national governments have the necessary mandate to develop. The suggested solution was "light institutions". In the Stockholm report (2006), Stockholm was considered as the key region of Sweden. The main argument in the report is that Sweden needs Stockholm and that it is important to develop the city for the competitiveness of the whole nation. In the third case, concerning Copenhagen (2009) it was now realized that governments solely cannot come up with a fruitful strategy for competitiveness – they have to involve industry etc. "Partnerships" were the suggested solution. This was a different interpretation of the regional context compared to the Öresund region review in 2003.

Table 1: The OECD policy framework – focus areas, i.e. determinants of *urban competitiveness*.

Öresund, 2003	Stockholm, 2006	Copenhagen, 2009
Common labour market	Integrated labour market	Labour skills profile
Networking and knowledge development	Innovation and knowledge (clusters)	Innovation
		Entrepreneurship
Physical infrastructure	Physical infrastructure "the enabling environment"	Transport infrastructure
		Urban amenities
Governance: "Light institutions"	Governance: Need for a national strategy for Stockholm	Governance: "Partnerships"

Following the OECD conceptual framework urban competitiveness is assumed to be relevant on four different markets, i.e. metropolitan areas compete for: (1) product markets (exports), (2) inward investments, (3) desirable residents and (4) recognition and favours from higher levels of government. (OECD Copenhagen review, 2009). Furthermore, places are considered to have local, regional, national, continental and global rivals (especially for metropolitan areas) to compete with.

When it comes to what decides urban competitiveness, we can as discussed above see that the OECD in 2009 lists five different determinants: (1) Skills, (2) Innovation, (3) Entrepreneurship, (4) Infrastructure and (5) Urban amenities. However, at this time compared to earlier versions of the framework they express a greater awareness of limitations due to specific pre-conditions regarding geographic characteristics of the urban region as well as the particular firm sector structure. This becomes evident in *OECD's conclusions* concerning its own conceptual framework:

- "Many determinants are dependent on local context and circumstances.
- There is no universal model of urban development that can be applied to every urban area.
- There is a considerable amount of path dependency in urban economic trajectories.
- This means that the economic performance of every metropolitan area has to be studied, taking its peculiarities into account." (OECD territorial review, Copenhagen, 2009, p. 259).

How region (policy) concepts influence practice

The evolution of region concepts – a matter of policy learning

Region and policy concepts can be seen as elements in strategy processes and in the development of regional strategic platforms. In such perspective, region (policy) concepts embody *both process and structure*. Firstly, in a spatial or geographical dimension, concepts create centres and peripheries as well as territories and borders. Secondly, when it comes to knowledge and resource structures, region concepts are embedded in the cognitive structures of the strategic platform, where the same concepts elucidate the platform. As new region concepts develop and come into use, the regional strategic platform will undergo a change and embrace new meanings, thus fostering new ways of seeing, making sense and acting in slightly different ways than before. This can be described as a regional institutionalization process.

Thus, region concepts play a major part in the regionalization process, as they are a way of seeing, thinking and making sense, and they trigger action (they are a way of acting). However, region concepts not only constitute the base for the process, but they are also a product of it, in that they keep undergoing change. When actors gain new experiences, new action patterns develop and new ideas evolve. For example, the region concepts that have come to life during the Öresund regionalization tend to originate from current theories, favourable archetypes and existing local structures in a way that they become *both the base and the product of the regional development process*.

These cognitive structures bring a certain degree of *isomorphism* to the regionalization process, which becomes visible in, for example, the use of archetypes (i.e., trying to copy successful regions without reflecting on conditional differences). There is a will among the participants in the Öresund regionalization to become like certain other—"ideal"—regions, for example, like a new Silicon Valley. Such "exemplary" regions seem to inspire regional activity. This aspect can also be argued to be a risk as these strong isomorphic tendencies might result in a regional development process imitating regions in other parts of the world, which have developed under completely different circumstances.

Over time, strong concepts become *institutionalized* and taken for granted. They become so convincing that they provide a common view of what the region is going to be like. Region concepts are also influenced by values and norms, for example, social expectations of what the region will look like in the future. These expectations, in addition to cognitive structures, influence the way in which people, participating in the regional development process, act. Region concepts also relate to the regulative structures, for example, as they tend to influence local means of control in the form of harmonization of national tax policies and labour market regulations, such as different rules for job certification and social security.

Region concepts support the formation of teams of resources and the development of *shared knowledge*. Region concepts therefore organize local activities. The capability of the strategic platform is the outcome of knowledge integration (see Grant 1996) through the social activities of local actors. These activities, in turn, are embedded and formed in a context of role-related social expectations (normative institutions), mental patterns and symbols (cognitive institutions) (see Tsoukas 1996), and constraints and regulations by current rules and laws (regulative institutions). These kind of social activities are possible within a local community (i.e., within spatial proximity), which enables the substantial interaction between individuals that is required.

The organizational competencies of the platform originate from the collective capability to use teams of resources in certain purposeful ways. In this way, it can be argued that region concepts

become institutionalized competencies. Sometimes these *collective competencies develop into sources of sustainable competitive advantages* and become the core competencies of the region.

Conclusions

What reasonable expectations we can have on the OECD territorial reviews in the future depends on how we consider the following issues, which in turn can be derived from the questions in the outset of this chapter and the theoretical and empirical discussion above.

Firstly, the OECD policy framework seems to be the mixed outcome of:

1) A traditional economist perspective focusing on nationally aggregated data
2) Trends among countries and regions that have been studied
3) 'New' additional perspectives from social sciences etc
4) The specific context in the reviewed region
5) The specific strategic agenda of the policy-makers in the reviewed region

The past ten years the OECD policy framework has become broader, incorporating more aspects and in that way coming closer to the complex reality of the policy-makers and is now showing more respect to regional uniqueness. As a consequence there seems to be a tendency towards viewing the OECD policy (i.e. on urban and metropolitan regions) as a mental framework for a fruitful strategy process, rather as a universal recipe for success. Furthermore, the OECD reviews become less a tool for benchmarking and more a way of profiling and positioning the metropolitan region on a national and, even more important, on an international arena. The latter is in line with the findings of Porter & Webb (2007), who points out the importance of the OECDs "identity-enhancing role".

How do we catch a 'target', which is not only moving but also changing? As, for example recognized in the 2010 follow-up of the OECD review of Stockholm in 2006 the strategic situation has changed, partly because of proceedings in the intended development and partly due to changes in the geopolitical context, i.e. increased globalization, financial crisis and increased international focus on energy and climate. Altogether, this makes the 2006 framework partly insufficient when it comes to dealing with future challenges.

How important is innovation? On one hand, the better the match between the OECD territorial review and the policy-makers agenda, the greater the chance that the policy recommendation will be used in the forthcoming strategic development of the region. On the other hand, letting an already established local agenda influence the territorial review may risk the development process to be incremental and miss the opportunity of innovation.

How important is timing? Strategic development processes of regions seems to have different phases (i.e. being mainly market-, policy- or idea-driven) and the OECD recommendations that are brought forth might have more or less impact on the forthcoming decisions and activities in the region depending on how the characteristics of the framework matches the current phase.

One mayor future challenge for the OECD is to find relevant indicators that, on one hand can cope with new global trends and major changes in the international geopolitical environment and that on the other hand, can cope with specific characteristics and contexts of individual regions.

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