

## Session Title: Regional Development Paths and Critical Junctures

### Session organizers

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### Session description

This session will explore possible linkages between the current debates in (1) regional path development studies, and (2) critical junctures and window of opportunity studies. Structural factors such as industrial composition, the size of the economy, or the level of infrastructure can only partly explain regional development paths. Changes in politics, policy, and institutions can be explained by analysing the behaviour of actors. If we presuppose that the establishment of a new regional development path is an outcome of a critical juncture in economic or institutional development, we could use the critical juncture literature to explain the mechanism of such change.

This session invites contributions that i) disentangle the effects of structure and agency on regional economic change; ii) link institutional change and regional development, and iii) focus on the micro-level processes, agents and their networks. Contributing to this line of inquiry, this session invites papers that address the following questions:

- To what extent, under which conditions, and how can agency contribute to regional growth paths beyond what could be expected due to structural preconditions?
  - How can critical junctures and window of opportunity models be used to analyse regional path development?
  - Which processes within and beyond firms underpin regional growth paths?
  - What are the causal factors explaining new path development in (different types of) regions?
  - How do different regional industrial paths interplay and shape regional growth paths?
  - What is the role of policy in shaping regional growth paths?
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**1. Title: Exploring the role of windows of opportunity and inter-path relations in path development: the case of Fintech industry in China**

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Path development results from actors' distributed agency that enabled and constrained by their embedded contextual structure. Scholars have explicitly explored how regional precondition as geographical context determines path development. However, other contexts, such as the windows of opportunity and inter-path relations, have received less attention. The purpose of this article is thus to develop a framework that specifies how the windows of opportunity and inter-path relation influence agency and thus contribute to path development. The framework is used to interpret the emergence and development of Fintech industry in China from the 2000s to now. Fintech refers to the convergence of Banking and internet industry which creates innovative financial products, such as digital payment, online investment, and online financing. The findings are twofold. (1) The emergence and development of Fintech is the outcome that internet industry and Banking transformed themselves (path upgrading and path diversification respectively) into Fintech to seize different types of the windows of opportunity (from the window of market and regulate opportunity to technology opportunity). (2) Besides the capability within each industry, the success of this transformation also relies on industries adjusting their relation (from unlinked through competition to cooperation) to the dynamics of the windows of opportunity.

**2. Title: Rethinking Path Creation: A Geographical Political Economy Approach**

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A burgeoning strand of Evolutionary Economic Geography (EEG) research is addressing questions of regional path creation, based upon the idea that place-specific legacies and conditions play a critical role in supporting the emergence of new economic activities. Yet there has been little effort thus far to take stock of this emerging body of research. In response, the aims of this paper are to offer a fresh synthesis of recent work and to develop a broader theoretical framework to inform future research. First, it presents a critical appraisal of the state of the art in path creation research which incorporates insights from sociological perspectives, the global production networks (GPN) approach and transition studies. Second, the paper's development of a systematic theoretical framework is designed to address identified gaps in EEG research related to agency, institutions and the causal factors explaining new path development. This contribution is underpinned by a geographical political economy (GPE) approach which helps to disentangle the effects of structure and agency and links micro-level processes to broader mechanisms of path creation. Informed by GPE, the argument is that knowledgeable actors, operating within multi-scalar institutional environments, create paths through the strategic coupling of regional and extra-regional assets to mechanisms of path creation and associated markets. To inform further research, the paper outlines four concrete propositions regarding the operation of path creation processes in different types of regions.

**3. Title: After the trains: Brains, beer and the 'rebirth' of a post-industrial Roanoke**

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Once a thriving railroad city, Roanoke, Virginia began a slow process of economic decline beginning in the 1980s. Like many post-industrial urban places, Roanoke saw economic challenges in the form of lost jobs within the formerly vital industrial sector (rail) and only minimal growth in the service sectors to replace these losses. Roanoke also struggled with an aging population and marked economic and racial segregation in both the city and surrounding region. However, much has changed in the last decade and the region now boasts of the usual trappings of a neoliberal economy including a burgeoning innovation district, large-scale university investments, a new technology business accelerator, and a host of new breweries. These and other developments would suggest that the region has reached a turning point or critical juncture. And yet, as Roanoke Mayor Sherman Lea said in a 2016 campaign speech, “Everybody’s not feeling this success we’re having.”

This paper explores the causal factors explaining the development path of the Roanoke region, and critically analyzes the “rebirth” discourse present within pro-development websites and materials from the community. We situate our analysis of contemporary Roanoke within international comparisons of post-industrial development, the creative class, gentrification, and the neoliberal city. Our findings suggest that though there have clearly been improvements in terms of job creation and quality of life measures for some neighborhoods and populations in Roanoke, the benefits of much of this development have failed to disseminate out from the wealthy, white quadrants of the city and surrounding region.

#### **4. Title: What happened here? Disruptive events and critical junctures leading to changes in development paths in shrinking cities**

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While shrinkage is a common phenomenon in many cities around the globe, there are differences not only in the specific causes but also in the local and regional development paths of shrinking cities and regions. The basic hypothesis of the underlying research project is that the historical and comparative analysis of shrinking cities offers the possibility to investigate the principles planning is based upon in these cities, and by this means, detect changes in planning cultures and the “disruptive events” and “critical junctures” (Sorensen 2016) that caused these changes.

Although based on a most different systems design regarding planning cultures (Japan, Germany, and USA), all cities feature similar characteristics regarding shrinkage. Building on 40 semi-structured interviews, it was possible to identify specific events that have led to an increased awareness for shrinkage, and thus generated respective targeted policies and programs in all three case study cities (Nagasaki, Bochum and Cleveland).

When analysing the case study cities, several of these events could be traced. They comprise for instance the financial crisis starting in 2008 for Cleveland, the shutdown of the Nokia plant for Bochum, and the national report “Local Extinction” for Nagasaki. The list of the programs, which followed suit, is long.

As a result, the historical analysis of Nagasaki, Bochum and Cleveland shed light on the role of single agents, institutions and national or even global circumstances and events regarding the formation of policies, projects and development concepts.

#### **5. Title: Heterogeneous change agency in rural tourism – a micro level approach**

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Evolutionary approaches have been criticized for the systemic focus overshadowing the role of agency. Another critique has been towards the neglect of rural areas and their specific dynamic and challenges. Both these critiques have in part been met by an increased focus on the heterogeneity of agency and its spatial specificity. It is argued that the agency necessary to change industrial paths is not exclusively entrepreneurial (i.e. commercial), but involves a wide variety of actors. One can distinguish between firm level agency and system level agency. The former contains both Schumpeterian entrepreneurship and agency driving change in established firms, while the latter points to agency driving change across organizations. The need for and interaction between different forms of system- and firm level agency is likely to vary between different path development processes, where radical change might require more action targeted towards the system level.

The empirical analysis focuses on tourism firms in rural Western Norway and the innovation system around them. Here different agents, both at the firm- and system level, interact in the processes of growing new tourism services and changing existing ones. The networked structure of the tourism sector and the institutional thinness of the sector in rural Norway makes it suitable for studying the complex interactions between different agencies, especially how firm leaders act to affect change beyond the single organization. In such contexts motivations, personal characteristics and networks can be as important as the formal position of change agents, thus blurring the distinction between different roles.

#### **6. Title: Trinity of Change Agency**

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Markku Sotarauta, University of Tampere

The study of regional growth paths is a key theme in economic geography and of elemental interest for regional development. This paper addresses the interplay between path-dependent, structural forces and the construction and utilization of opportunities through agentic processes. Extending the evolutionary framework, it is argued that not only history but also perceived futures influence agentic processes in the present and thus shape regional growth paths. The paper discusses the relevance and interdependencies of three types of agency with distinct theoretical roots, namely Schumpeterian innovative entrepreneurship, institutional entrepreneurship and place leadership, as main drivers of regional structural change.

#### **7. Title: Agents of Change in Old Industrial Regions of Europe**

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Growing socio-economic disparities between prosperous metropolitan regions and poor rural, peripheral, and old-industrial regions pose a threat to Europe's long-term stability and EU goals of social cohesion. The main ambition of Agents of Change in Old Industrial Regions of Europe (ACORE) project is to investigate how old industrial regions located outside major agglomerations can defy the unfavorable conditions and trends and create new development paths leading to prosperity and well-being, contributing to social cohesion and stability of Europe as a whole. To address this aim, the project will focus on the 'front line' of regional change — actors instrumental for conceiving and creating new development paths and linking actors located in different institutional contexts. The research is novel because unlike most existing studies on 'lagging' regions which focus on 'catching-up' processes, this project will allow for alternative futures (including "leapfrogging") beyond the standard and mainstream policy recipes. By introducing the 'window of opportunity' model, the research will explicitly address the temporal dynamics of urban and regional change.

**8. Title: "We were only managing our legacy" Forms of agency in Olofström's development path from supply chain to regional cluster**

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The labour market region of Olofström-Karlshamn experienced a period of exceptional economic decline between 2007 and 2010, prompted primarily by the job loss that resulted from restructuring within Volvo. In December 2008 around 1000 jobs disappeared overnight, throwing the municipality of 15000 people into crisis, and further rippling through the region. This is a story of a peripheral region dependent on manufacturing employment that is not uncommon in Sweden, the Nordic countries and elsewhere. However, the downward spiral of this development path was temporary: jobs were regained sooner than expected and the region is no longer a negative outlier when it comes to regional growth performance. What was once a Volvo-centric supply chain can now more suitably be considered an actively coordinated cluster. How did this happen? What changes in terms of network structures, institutions and policy priorities underlie the region's development trajectory? In this paper, we use original interview material to investigate different forms of agency that emerged following the crisis, their combination, and the resources, networks and motivations that allowed individuals to take initiatives and act (or not). This paper thereby contributes a much needed micro-level perspective on regional economic change, foregrounding the role of agency in shaping regional development paths.

**9. Title: Exploring the Nature of Change of Regional Development Paths: Towards a Typology**

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Within economic geography and regional studies, recently a burgeoning literature can be observed on regional development paths. This literature has been inspired by concepts developed within the paradigm of evolutionary economic geography, such as path dependence, path creation, related variety, as well as co-evolution. A large part of this literature considers path development as an incremental, endogenous, technology-driven and firm-led process, which has been recently criticized as being too narrow. In this paper, we want to build on this critique by conceptualizing about different kind of critical junctures potentially leading to different outcomes of regional industrial path development. So far, very general terms, such as crisis or shocks, have been used in the literature to

denominate events that can lead to critical junctures, as well as windows of opportunity for new path development. With the help of a typology, we want to go deeper into different kind of critical events and moments that can lead to critical junctures, which in turn trigger transformation of existing paths or new path creation. We are convinced that a deeper understanding of the nature of these events is an absolute necessity to study, explain and understand regional development paths.