

Errata

P 94, 1st sentence: “East Midlands” for “Cradle Coast”

P 120, line 8: “cede” for “seed”

P 121, last sentence: “from” for “form”

P 164, 5th sentence: “This objective became less important after the North-East region of England voted against establishing an assembly along the lines of England, Scotland and Wales.” has been deleted.

P 171, 2nd sentence: “There is a two-tier system of local government in the region.” has been deleted.

P 171, 3rd sentence: “top tier” has been deleted.

P 172, line 3: “quite” for “quiet”

P 195, line 17: “quite” for “quiet”

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Christopher Scott McDonald

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**THE NEW REGIONALISM AND THE ROLE OF
PARTNERSHIPS IN REGIONAL ECONOMIC
DEVELOPMENT STRATEGIES**

**A thesis submitted for the degree of Doctor of Philosophy in the
Faculty of Business and Economics, Monash University**

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ABBREVIATIONS

AFV	A Fairer Victoria
BERR	UK Department of Business, Enterprise and Regulatory Reform
CEO	Chief Executive Officer
CCA	Cradle Coast Authority
DEDTA	Tasmanian Department of Economic Development, Tourism and the Arts
DLGC	UK Department of Local Government and Communities
DPC	Victorian Department of Premier and Cabinet
DPCD	Victorian Department of Planning and Community Development
DOTARS	Commonwealth Department of Transport and Regional Services
DVC	Department for Victorian Communities
EMDA	East Midlands Development Agency
EMRA	East Midlands Regional Assembly
EU	European Union
GBP	Great British Pound
GPN	Global Production Networks
GVT	Growing Victoria Together
LAA	Local Area Agreement
LSEP	Leicestershire Economic Partnership
LSP	Local Strategic Partnership
MNC	Multi-National Corporation
MP	Member of Parliament
NR	New Regionalism
NWAY	North West Action for Youth
OECD	Organisation of Economic Cooperation and Development
PD&R	Policy Development and Research Branch, Victorian Department of Premier and Cabinet
PSA	Public Service Agreement
RDA	Regional Development Agency
RES	Regional Economic Strategy
RSA	Regional Studies Association

SNR	Sub-National Review of Economic Development and Regeneration
SRP	Sustainable Regions Program
SSP	Sub-Regional Strategic Partnership
TAFE	Tertiary and Further Education
UTAS	University of Tasmania
UK	United Kingdom
VPS	Victorian Public Service

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ABSTRACT

Partnerships between business, third sector organizations and communities have become an increasingly important part of government strategies to promote regional economic development. The association between these partnerships and the economic development of regions is at present unclear. There are contrasting views as to whether partnerships build competitive advantage or instead reflect a neoliberal policy agenda of reducing government protection and investment. This debate is centered on agency: the possibilities and limitations of partnerships as a means of promoting regional economic development. This inquiry centres on the following key research question: do partnerships promote regional economic development and if so, who shapes this agency? I use the New Regionalism (NR) as an entry point for my inquiry because it supports an argument that partnerships increase the capacity of social actors to influence regional economic development in the context of a globally competitive economy. I engage critically with the NR and seek to clarify positive and negative views about the role of partnerships in regional economic development. My theoretical framework begins by reviewing the literature about regional development in a globally competitive economy, and identifying which actors have the power to influence outcomes in this context. I then review the literature about partnerships and argue that they enhance collective efficacy and build political capital to influence regional development. Case studies of two regions that have experienced rapid socio-economic change – the East Midlands and Leicestershire in the United Kingdom, and the Cradle Coast region in Tasmania - have been selected. Using interviews and document analysis, I examine the role of partnerships in promoting development within these regions. I contribute to knowledge by finding that these partnerships generate collective efficacy and build political capital, which in turn stimulates value creation and enhancement in these regions. The role of these partnerships is primarily shaped by the constraints of a globally competitive economy and the material interests of local civic and business leaders. I develop a theoretical framework that can help explain the association between partnerships and the economic development of regions.

1 PREFACE AND INTRODUCTION

1.0 Introduction

The purpose of this chapter is to outline how my professional background has shaped my research. The chapter also provides an overview of the thesis. In the first section of the chapter I describe my professional background from my time working in the Victorian State Government. Much of this work focused on how partnerships with business and communities can help governments to achieve economic and social policy objectives. These experiences have shaped my interpretation of the research problem and provide the motivation for undertaking this work. In the second part of this chapter I provide an overview of how this thesis is organised.

1.1 Preface - Professional background and motivation for this research

This research project is the result of nearly five years of research, and while undertaking it I was also involved in crafting policies about place-based partnerships, and subsequently working in them for the Victorian State Government. I worked for the Victorian Government between 2002 and 2008. I enrolled in the PhD in March 2005 on a part-time basis and converted to full-time candidature in May 2008. This combination of professional and academic experiences has shaped my research project. The geography of socio-economic disadvantage is a key policy concern of this government. Partnerships are an important part of how the Victorian Government organises and delivers investments to address this disadvantage. I have worked across a broad range of social and economic policy areas in government and have had the experience of working with communities and managing the delivery of these initiatives. My view of the world spills across geography, economics and community development, and is informed by what I have learnt from being involved in shaping and delivering public policy. These experiences help me to understand the multiple processes that produce socio-economic disadvantage, and the different ways that governments can work to address it.

1.1.1 Developing and designing place based partnerships

I was introduced to policy ideas associated with place-based partnerships when I took up a job in the Policy Development and Research Branch (PD&R) in the Department of Premier and Cabinet (DPC) in February 2002. The branch had been established to develop and oversee the implementation of *Growing Victoria Together (GVT)*, which was released in November 2001. *GVT* is designed to guide the medium-term policy and budget strategy of the Government (Adams & Wiseman 2003). At the heart of *GVT* is a commitment to balancing public expenditure between social, economic and environmental priorities (DPC 2001). *GVT* is organised around 11 policy goals, each with progress measures, and sets out priority actions to achieve them (Adams & Wiseman 2003). My early work in the branch included collating and analysing evidence about *GVT* measures and investments at a place-based level. The objective of this work was to examine spatial patterns of advantage/ disadvantage in relation to *GVT* measures and investments. In my view this began to produce a more realistic picture of the impact of government investment on people and had the potential to improve planning and resource allocation choices. However, analysing this information and forming robust recommendations for decision makers was difficult. I could not explain the relationships between variables, and determine the relationships between the location of government investments and evidence about relative levels of advantage and disadvantage within different places. Much of this data existed in organisational silos and as a result was difficult to access or compare and contrast. I came to realise that place mattered across a range of portfolio areas and I developed an interest in how the State Government could better address this issue.

In 2002 I was asked to help organise the OECD-Victorian Government *Learning Cities and Regions Conference* (Department of Education & Training 2002). I drafted the conference themes in a way that blended the educational, social inclusion and innovation priorities of the government with the findings of a recent OECD publication *Cities and Regions in the New Learning Economy* (OECD 2001). This publication set out the case for a new approach to local and regional development based around: investment in education and training; encouraging firms to innovate through working together; letting regions take an entrepreneurial approach to development based on their existing assets;

and, promoting social and economic inclusion (OECD 2001). The report also recommended that governments reorganise at various territorial scales to join up different agencies, business, educational institutions, and communities and strengthen ties between them by building social capital. The ideas embedded in this OECD report were consistent with the policy settings of Victorian Government, linking its emerging commitment to local partnerships with mainstream economic objectives to invest in education, training and innovation. The OECD report created a way to tell a strong policy story about why and how governments should intervene through partnerships at a place based level to promote economic development and address disadvantage.

During this time I had the opportunity to work with Professor Al Rainnie from Monash University's Institute for Regional Studies, and Professors Kevin Morgan and Peter Fairbrother from Cardiff University. Rainnie had invited Morgan and Fairbrother to Australia to present at a conference and contribute to a book on the New Regionalism (NR). Rainnie already had a relationship with the department through involvement with the government's La Trobe Valley Ministerial Taskforce. This taskforce had been established in 1999 to help regenerate Victoria's La Trobe Valley after a period of rapid restructuring in the regions energy production industries during the 1990s. The PD&R Branch engaged Morgan and Fairbrother to develop some advice for the Victorian Government about best practice from United Kingdom (UK) and European experience in local and regional development. This work was designed to inform and build upon the OECD Conference and develop some ideas that could inform regional development policy in Victoria. A strong theme running through this work was the need for government to work in partnership with communities to rebuild their economies after structural economic change. During this time I had the opportunity to speak to Rainnie, Morgan and Fairbrother about regional development in Europe and Australia and the influence of ideas connected to the NR. This work sparked my initial interest in undertaking a PhD that would focus upon a critical engagement of the NR and examine the role of partnerships in regional development strategies in Australia and the UK.

After the Bracks/ Brumby Government was re-elected in 2002 it established the Department for Victorian Communities (DVC), and I was engaged to provide policy and corporate help during the establishment phase. The goal of the new department was to strengthen communities through a more integrated approach to planning, funding and delivering services at a local level (DVC 2004). DVC gave an institutional home to ideas associated with the OECD work that were already embedded in *GVT*, such as a focus on people and place, local innovation, community engagement, and coordination between service providers. Initial work involved fleshing out a narrative and evidence base about community strengthening. This included contributing to corporate planning and Ministerial speeches, and more mundane work such as cabinet submissions and contributing to inter-departmental policy projects. In 2004 the Government decided to consider advice on a policy statement focused on addressing disadvantage, establishing four taskforces to develop this work, and I was asked to manage one of them. This taskforce examined current changes in Victorian society, analysed their impacts on the Governments social policy settings, and developed some options for future policy directions. I drew on various bodies of knowledge to argue that partnerships at a local level were an essential part of a strategy to make sustained improvements to social disadvantage in Victoria (OECD 1996, 2000; Jensen 2004; Vinson 2004; Department of Premier and Cabinet 2005). Some of this work was rolled over into the Governments positioning paper on addressing disadvantage in Victoria that I worked on (DPC 2005a).

A Fairer Victoria (AFV) was released in 2005 as a five-year policy framework for addressing disadvantage (DPC 2005). *AFV* identified ‘disadvantaged places’ as those that were undergoing rapid population growth (e.g. on Melbourne’s fringe), traditional socio-economic disadvantage (e.g. neighbourhoods with high levels of public housing), and those experiencing isolation and population decline (e.g. across some of Victoria’s rural regions). The Bracks/ Brumby Government introduced and expanded a number of specific programmatic responses through *AFV* to focus effort on these places, such as *Neighbourhood Renewal*, *Best Start*, and the *Community Building Initiative*. At the heart of these initiatives is a commitment to working in partnership with local communities (Wiseman 2006). These programs have been supported by a number of organisational

changes in the Victorian Public Service (VPS), including establishing eight statewide Regional Management Forums to coordinate work between State and Local Government, introduce project teams to deliver place based initiatives, create a single on-line entry for community grants, and introduce inter-departmental taskforces to work in collaboration with partnerships at regional and local levels (DPC 2005, 2007; State of Victoria 2005; Department of Planning and Community Development 2008; G21 2008). The implementation of this infrastructure to focus on, and work with communities at a local level indicated a significant shift in the public policy and administrative landscape in Victoria over a relatively short period of time. In 2006 I decided to gain some experience in a service delivery role within a regional team for DVC.

1.1.2 Working in partnership

The small team I led was focused on the western metropolitan region of Melbourne. This region continues to experience rapid changes associated with gentrification, population growth, migration, and industrial change (Dodson & Berry 2004). DVC had a number of grants programs to invest in infrastructure and activities that facilitated social participation (DPCD 2008). The role of the team was to work with groups in the community to ensure the delivery of these initiatives. *AFV* provided a policy context and its place and population priorities formed an initial framework to guide our work. My first task was to establish an evidence base to ensure that scarce departmental resources could be targeted in the most efficient way across the region. I began by building a quantitative evidence base from census data to identify areas of growth and disadvantage. This was supplemented by qualitative data about priorities that the team collated through engaging with a range of government, business and not-for-profit organisations across the western region. This priority setting morphed into various spatial scales: neighbourhoods to clusters of neighbourhoods, Local Councils, region-wide, and spilling over into other regions. This work also involved bringing these ideas back into DVC to test them out and attempting to secure funding support and/or policy change. We also found ourselves being pushed and pulled in various directions by people both inside and outside of government. I quickly realized that practices such as listening, negotiation and

compromise were central to building effective relationships through these partnership arrangements.

Working in partnership was not a simple task: the idea and meaning of partnership itself is contested and is often a difficult transition for some people and organisations to make. I entered these initiatives with my own ideas, agenda, resources and interests. Outsiders to government found it difficult to understand public service vernacular and some were frustrated by having to follow administrative processes. People who were already involved in these partnerships had their own language, practices and relationships. Many had local histories that went back a long way, which from my perspective had both benefits and drawbacks. People came from different organisations that had their own priorities, timelines, decision making processes and ways of doing things. In some instances these partnerships did become agents of change. They enabled me to provide better advice to Ministers and Local Members, get improved value for public money, and better match these resources with needs on the ground. Important issues for local communities such as improving facilities at a local school, reducing heavy traffic on local roads, and providing employment opportunities for young people were brought to light and I think dealt with in a more timely manner. Participation in local partnerships helped de-mystify government, enabling people to develop confidence to collectively voice their needs and aspirations. Some of my greatest frustrations in generating change came when trying to knit the rhythms of community life and decision making with the current realities of organisational structure and practices across the VPS. An area for improvement is how to reconcile place based initiatives based on local knowledge with the largely departmental, hierarchical, rules and procedural based organisational arrangements of the VPS.

My journey through six years of work in the VPS has left me with a positive view about the role of place-based partnerships in helping to achieve social and economic policy objectives. It also left me with a better recognition of the complexities and difficulties of working in partnership. These initiatives are a way to address the problem of spatially uneven development. A number of factors such as increasing global competition, market

volatility, ageing of the population and climate change are combining to generate rapid and diverse changes across different parts in Victoria. The evidence shows that place matters in Victoria and more generally across OECD nations. Over the past two decades governments have focused on working with communities in these places to adapt to change and promote sustainable development. In Victoria the State Government has increased its use of place-based partnerships to achieve its objectives of improving social services and addressing inequalities. In my experience these place based partnerships sit alongside and complement the mainstream business of government. In the pages that follow I will set out my intellectual inquiry about the role of partnerships in regional economic development.

1.2 Overview of this thesis

In general, regional development encompasses the idea that a sub-national geographic area is a key site of political decision-making, economic prosperity, social cohesion and environment sustainability (Eversole & Martin 2005). The state has been interested in promoting regional development as a means to address geographically unbalanced economic growth (Hudson 2001). As we saw in the previous section, partnerships with businesses, not-for-profit organisations and community-based organisations are an increasingly important part of the way in which governments address problems of spatially uneven development. These are ‘regional’ in that they are intended to plan and coordinate the allocation of resources in particular geographic areas at a sub-national level. However, the association between these partnerships and the economic development of regions is at present unclear. On the one hand, governments often argue that partnerships empower local and regional communities to adapt to rapid change and develop their economies (OECD 2001). On the other hand, partnerships have been criticized because they do not redistribute power and resources, and are therefore reflective of broader neoliberal strategies that seek to reduce government protection and investment (Peck & Tickell 2002; Fuller & Geddes 2008).

The purpose of this thesis is to help clarify these tensions by examining the association between partnerships and the economic development of individual regions. The NR was

chosen as an entry point for this inquiry because it supports an argument that partnerships increase the capacity of social actors to influence regional economic development in the context of a globally competitive economy (Cooke & Morgan 1998). This argument has influenced the policy settings and resource allocation choices of OECD governments (OECD 2001; Rainnie & Grant 2005). There is a contrasting view that partnerships reflect a neoliberal policy agenda of reducing government protection and investment (Peck & Tickell 2002). This debate is centered on agency: the limits and possibilities of partnerships as a means of promoting regional economic development. This problem establishes my inquiry which is guided by the following key research question: *do partnerships promote regional economic development and if so, who shapes this agency?* This key research question is designed to critically engage with the NR and to help clarify positive and negative views about the role of partnerships in regional economic development.

In Part 1, I set out the theoretical and methodological foundations of this research inquiry, which is organised as follows. In Chapters 2, 3 and 4, I set out the theoretical foundations. In each of these chapters I will critically engage with the NR and suggest approaches to address identified theoretical weaknesses. Each theoretical chapter will conclude with a subsidiary research question and theoretical propositions that can be utilised to help clarify positive and negative views about partnerships. In Chapter 2, I will develop a theoretical framework for explaining how globalisation is generating regional economic change. Chapter 3 evaluates which actors have the resources and means to influence these economic changes. In Chapter 4, I will identify how partnerships mobilise these resources to promote regional development. The subsidiary research questions identified at the conclusion of each of the theoretical chapters form the basis of my methodology, which is set out in Chapter 5. I establish the rationale for the methods chosen to answer these subsidiary research questions and outline what procedures were followed to undertake my empirical analysis. In Chapter 6, I discuss the events and issues that occurred whilst I undertook the research project, and what I learnt from these experiences.

In Part 2 I provide the results of my empirical analysis about the role of partnerships in two case studies. The two case studies are Tasmania's North-West and Western Region in Australia, and the East Midlands and Leicestershire in the United Kingdom (UK). The analysis of each case study follows the logic established in my methods chapter, and this section is organised as follows. Chapter 7 provides background demographic and economic information about Tasmania's North-West and Western Region, and about the history and role of the Cradle Coast Authority (CCA). In Chapter 8, I examine how the economy of the region is changing and which actors have the resources and means to influence these changes. In Chapter 9, I identify the value that is produced by the CCA, and how these resources are applied to promote regional development. Chapters 10, 11 and 12 report the findings from the UK case study by applying the same logic. In Chapter 13, I compare the findings from the two case studies in relation to each of the subsidiary research questions and identify the similarities and differences between them.

In Part 3, I conclude the thesis by returning to the key research question. I set out my findings about how partnerships promote regional economic development and who shapes this agency. I reflect on the limitations of this research project, identify the unique contribution my research makes to existing studies about regional partnerships, and what this means for future research agendas. I also identify the implications of these research findings for individuals and organisations involved in regional development strategies. Having provided an overview of this thesis, in the following chapter I will establish the theoretical foundations of the study.

**PART ONE: THEORETICAL AND
METHODOLOGICAL FOUNDATIONS**

2 GLOBALISING REGIONAL DEVELOPMENT

2.0 Introduction

The purpose of this chapter is to develop a theoretical framework for explaining how globalisation is generating regional economic change. The chapter begins by defining key concepts associated with regional development and the NR. I argue that the NR is distinct because it supports an argument that partnerships increase the capacity of social actors to influence economic development in the context of a globally competitive economy. Authors such as Lovering (1999) argue that NR-type initiatives do not redistribute power and resources, and are therefore reflective of broader neoliberal strategies that seek to reduce government protection and investment. My thesis will critically engage with this debate and help clarify positive and negative views about partnerships. This research problem establishes my inquiry which is guided by the following question: *do partnerships promote regional economic development and if so, who shapes this agency?* I then critically evaluate the NR argument about exogenous factors - increasing globalisation and the emergence of a knowledge economy - that impact upon the economic development of regions. Regions are adapting to these changes through the formation of innovation systems that increase the capacity of businesses to adapt to competitive pressures. This argument has some weaknesses that need to be further tested and refined. For example, the NR does not establish specific theoretical propositions to examine how exogenous forces interact with the endogenous assets of different regions. I then develop a theoretical framework that links exogenous and endogenous factors through the concept of strategic coupling. I conclude the chapter with a subsidiary research question to guide further theoretical development that will explain how globalisation is generating regional economic change.

2.1 Regional Development and the New Regionalism

The purpose of this section of the chapter is to define the NR and identify my key research question. *Regional development* generally encompasses the idea that a sub-national geographic area is a key site of political decision-making, economic prosperity, social cohesion and environment sustainability (Eversole & Martin 2005). The state has

generally been interested in promoting regional development as a means to address the geographically unbalanced nature of economic growth (Hudson 2001; Mawson 2007). The geographic boundaries or scale of a region can be constructed through a variety of socio-political processes including social or cultural identity, political jurisdictions, and environmental catchments (Deas & Lord 2006). The label of 'region' can also apply equally to areas within a metropolitan or rural context. Development is a broad term that signifies the path towards a future for a region that is environmentally sustainable, economically competitive and socially inclusive (Morgan 2004; Eversole & Martin 2005). The scope and emphasis of development within a particular region is contested, mediated and shaped by a variety of government, non-government, market and community based actors, which together constitute 'regional governance' (Bellamy, Meppem, Goddard & Dawson 2003; Cooke 2004). These politically contested embedded processes do not occur in isolation but are shaped by structural dynamics that operate on local, national and global scales (Dunning 2002; Storper 2002). Therefore, regional development can be defined as 'a dynamic outcome of the complex interaction between territorialized relational networks and global production networks within the context of changing regional governance structures' (Coe, Hess, Yeung, Dicken & Henderson 2004, 469). This conceptual definition places governance as central to debates around regional development.

A body of work has emerged over the past decade that creates a theoretical narrative about a new approach to regional economic governance that has been labeled as the NR (Tomaney & Ward 2000; Wheeler 2002). This approach is labeled by various terms in the literature, including the associational economy, learning regions, competitive regionalism, and regional innovation systems (Cooke & Morgan 1998; Brenner 2003; Cooke 2004). An argument has emerged that these logics can be bundled together and understood collectively as the NR (MacLeod 2002; Rainnie & Grant 2005). Proponents of the NR are critical of Keynesian and neoliberal informed approaches to regional development and argue that they have reached their useful limits in the context of increased globalization and the emergence of a knowledge economy (Rannie & Grant 2005). In their place, authors such as Cooke (2004), Cooke and Morgan (1998), Keating,

Cairney and Hepburn (2009) argue that effective regional governance is necessary to ensure regional competitiveness and sustainability in an increasingly globalised knowledge economy. Regional governance describes the ensemble of social actors (e.g. state government departments, non-government organisations, and chambers of commerce) that make decisions and allocate resources within a locality (Bellamy et al 2003). The main focus of theoretical development to date in the NR has been to establish an institutional theory of regional economic development, which is based around the idea of regional systems of innovation (Cooke & Morgan 1998; Cooke 2001, 2002). The key focus of recent theoretical exploration in the NR is about the importance of regional governance as a strategy to promote regional development (Smyth, Reddel & Jones 2004; Morgan 2004; Wesley-Scott 2007). This focus has been based around the idea of supporting partnerships between government, business and communities as a means to promote regional development. In this thesis I will seek to critically engage with, build on and extend this recent theoretical exploration in the NR about the role of partnerships in regional development strategies. I will focus upon examining the limits and possibilities of these partnerships as a means of promoting regional development in the context of a globally competitive economy. My key research question to establish this inquiry is: *do partnerships promote regional development and if so, who shapes this agency?*

2.2 Increasing Globalisation and the emergence of a Knowledge Economy

In this section of the chapter I will evaluate the NR arguments about exogenous forces that are impacting upon regional development, identify their strengths and weaknesses and propose some theoretical directions to answer my key research question. This encompasses:

- Increasing globalisation
- Emergence of a knowledge economy.

2.2.1 Increasing globalisation

Proponents of the NR argue that globalisation is increasing the importance of sub-national scale to governing regional economic growth and decreasing the importance of the nation state (Storper 1997; Cooke & Morgan 1998; Keating 2004; MacLeod & Jones

2007). Globalisation is a set of expansionary processes that is: transforming state power, which is being dispersed across local, regional, national and supra-national levels; decreasing the influence of nation state governments and increasing the power of multi-national corporations; increasing the pace of change for regional economies and communities; and creating greater socio-economic disparities and diversity between localities (Cooke & Morgan 1998; Bellamy et al 2003; Wood & Valler 2004). These processes have intensified over the past two decades – for example, through trade liberalisation (Cooke & Morgan 1998; Spindler 2002). Globalisation is coupled with processes of regionalisation, which is defined as the pulling together of stronger relations at a regional level (Cooke & Morgan 1998; Keating 2004).

This argument about increasing globalisation as a set of expansionary processes is drawn from broader debates about the changing nature of the global economy resulting from trade liberalization and technological innovations such as the internet (Held et al 1999; Giddens 2002; Dicken 2003). Held et al (1999) argue that analysing the effects of globalisation is important because of the increasing use of globalisation in policy, everyday and academic language, the diversity of views within the literature, and the lack of critical analysis. There is now a convergence occurring in the globalisation literature along these lines, which is labeled as a transformalist argument about globalisation (Held et al 1999; Held & McGrew 2003). This is based on the idea of globalisation as a tendency constituted by flows, networks, infrastructures and institutions (Held et al 1999; Beck 2000). Globalisation is both the medium and outcome of interconnections between individuals. Flows and networks are the more informal types of interaction and can become regular patterns of interaction, which form infrastructures and institutions – stretching over space and time (Giddens 1984; Held et al 1999). These flows, networks, infrastructures and institutions exist across a range of domains including culture, the environment, finance and politics. Held et al (1999) analyse indicators of these flows and interactions and conclude that processes of globalisation are accelerating and deepening as a result of trade liberalization and rapid technological innovations since the 1970s.

Held et al (1999) put forward an account about the impacts of increasing globalization that is analytically useful and can be applied to regional economic development. These impacts are: decisional (influence of global interconnectedness on the relative costs and benefits of policy decisions and preferences); institutional (how global interconnectedness effects the range of policy choices available in the first place); distributional (how globalization shapes winners and losers across different social groups, sectors and communities); structural (adjustment effect of globalization on the macro-organisation of political, social and economic relationships). Proponents of the NR such as Cooke (2001, 2007) do not specify the structural and distributional effects of increasing globalisation upon individual regions. This framework establishes theoretical propositions about these effects upon regions. It also establishes a broad definition of globalisation that includes economic, social and environmental issues rather than just focusing on a narrow interpretation of economic change (Rainnie & Grant 2005). Although this transformalist perspective points toward a contested and relational view of globalization, Held and McGrew (2002) do not specify which actors are shaping these changes or the logic propelling them.

MacLeod and Jones (2001), Peck and Tickell (2002), and Brenner (2003) draw attention to the role of the State in constructing the global economy and reshaping economic geographies. This has occurred through neoliberal policy reforms that generate negative effects, such as increasing inequalities, market volatilities, underinvestment in public goods and degraded social and environmental resources. Neoliberal reforms aim to remove regulatory constraints on capital through initiatives that enforce market forms of organisation, thinking and behaviour (Peck & Tickell 2002; Fuller & Geddes 2008). This critique is constructed from a critical political economy perspective, which argues that the primary causal mechanism of social outcomes is unequal relations between labour and capital in production. Capital accumulation, by its nature, is about expanding the volume of capital, which is dependent upon extracting value from labour to produce commodities and finding new markets to sell them at a profit. Hudson (2001) and Harvey (2001) argue that inequalities between regions emerge because capital is more mobile than labour, and the tendency of firms to relocate to maximise profits. The

problem of geographically uneven development has become more pronounced as neoliberal reforms have reduced barriers to the movement of capital, and industries such as manufacturing have undergone rapid restructuring because of cost pressures (Boyle, McWilliams & Rice 2008). The state actively facilitates and shapes these processes of globalisation by making policy choices that favour capitalist interests and stabilize the problems associated with capital accumulation (Jessop 2007). This perspective draws attention to the economic logic that propels processes of globalisation and the role of the State in facilitating these processes.

I argue that the critical political economy perspective can be drawn together with this transformalist account to develop a theoretical framework to explain the impacts of globalisation upon particular regions. The critical political economy perspective specifies the economic logic and the role of the State in constructing processes of globalization, while the transformalist perspective incorporates a broad view about the potential impacts of these changes. Critical political economy recognizes that the primary logic propelling globalisation is the tendency to expand and deepen processes of capital accumulation. The transformalist conception of globalization encompasses the multiple processes and impacts that flow from this tendency - economic, political, environmental, cultural, and social. Furthermore, these processes and impacts of globalisation occur at multiple scales - local, regional and national. These changes may have both structural and distributional effects. The region in this sense can be conceived as a site of these disputed processes of change, rather than as necessarily more important because of a decline in the power of the nation state. Having identified a transformalist position about globalisation that includes a critical perspective on the logic propelling these processes, I will now evaluate debates about the knowledge economy.

2.2.2 Emergence of a Knowledge Economy

Proponents of the NR couple increasing globalisation with the emergence of a knowledge economy as the key causal dynamic in restructuring regions (Cooke & Morgan 1998; Rutten 2000; Rainnie & Grant 2005). The emergence of the knowledge economy is characterised by the drivers of growth changing with competitive advantage being driven

more by knowledge, learning and innovation (Lundvall & Johnson 1994; Boekema, Morgan, Bakkers & Rutten 2000; Geenhuizen & Nijkamp 2000; OECD 2001). This transition is defined by the growing importance of knowledge generation and diffusion and its connected to the production of goods and services. These processes may be characterised as shifts in the mode of production. This shift toward a knowledge-based economy is also happening rapidly and is concentrating at a regional scale. The NR perspective argues that OECD regions are dependent upon this capacity for businesses, individuals, communities and governments to learn and innovate as a means to increase wealth and employment (Cooke 2001, 2007). However, the NR also tends to overstate a universal shift to a knowledge-based mode of production (Rainnie & Grant 2005).

The NR conception of the knowledge economy is embedded within broader developments over the past two decades in economic geography (MacKinnon, Cumbers & Chapman 2002). This has been characterised as a theoretical split from a traditional neoclassical conception to a more collaborative view of economic growth, and therefore a move toward interest in the social and institutional conditions underpinning economic activity and away from a concern on material linkages and transactions costs (Dunning 2002, MacKinnon et al 2002, Rainnie & Grant 2005). MacKinnon et al (2002) trace this focus to a resurgence in interest in agglomeration and clusters from the mid 1980s. Reasons for this resurgence include: a shift from mass Fordist production to flexible post-Fordist; changes in the nature of firm collaboration to deal with new complexities in the market; and apparent increased returns to scale as a result of proximity in some sectors of the economy (MacLeod 2001, MacKinnon et al 2002). The cumulative effect of this is the apparent emergence of cities and regions as key sites of knowledge economy activity and agglomeration (MacLeod 2001). This has led authors within the NR to focus on firm-based clusters and high technology industries (Geenhuizen & Nijkamp 2001, Florida 2002, Cooke 2007)

There is a general consensus in the literature that the economies of advanced OECD nations are experiencing a shift that is characterised by the increased importance of knowledge and learning as economic inputs (Considine, Marginson, Sheehan & Kumnick

2001, Dunning 2002, Storper 2002). The literature around the geography of the knowledge economy is broad and encompasses different theoretical perspectives, from the liberal views of Porter (1990) to the institutional economics of Dunning (2002) and Storper (2002) and the critical political economy perspective of Castells (2000). The common argument in these different perspectives is that knowledge is becoming a more important input to economic growth. Cooke and Morgan (1997) and Amin (1999) draw from the institutional perspective, which has developed in economic geography, about the nature of growth in the knowledge economy (also see MacLeod 2001, MacKinnon et al 2002). In this sense there is not a basic questioning of the concept itself as with globalisation. However, the way the knowledge economy is treated by proponents of the NR may be critiqued on two points. The first is the unsophisticated way the knowledge economy is defined theoretically. Wood and Valler (2004) and Rainnie and Grant (2005) identify a one-dimensional approach to this economic shift with high level statements around the transformation from a manufacturing to knowledge-based economy. For example, MacLeod describes some of the language used to define this shift such as 'innovation', 'clusters' and 'regional competitiveness' as 'euphemistic discourse' (MacLeod 2002, 819). The second is the lack of empirical verification of why and how some localities succeed in a knowledge-based economy and others do not (Oinas 2000; Rutten 2000; MacKinnon et al 2002). These limitations need to be taken into account when analysing structural economic change and the changing nature of work and employment at a regional level.

2.3 Regions adapting to economic change

In this section of the chapter I will evaluate the NR argument about how regions may adapt to increasing globalisation and the emergence of a knowledge economy. This encompasses:

- The institutionalist perspective and path dependency
- Regional communities and innovation systems
- Critiques of this approach.

2.3.1 The Institutional Perspective and Path Dependency

NR perspectives share a focus on the endogenous factors that influence regional economic development and are built upon an evolutionary interpretation of the economy. The political economy of the NR is conceived as dialectic of global market forces being mediated by various actors, including the state, communities and other organisations (Spindler 2002). This conception of the market is drawn from evolutionary economics, which has an institutional view of economic growth as opposed to the more competitive neoclassical model (Cooke & Morgan 1998; MacKinnon et al 2001; Rainnie & Grant 2005). This evolutionary approach conceives the economy as a process embedded within a place-based institutional (e.g. cultural and political) context (MacKinnon et al 2001; Rainnie & Grant 2005). Spindler (2002) argues that this approach establishes a dialectic in the NR perspective between on the one hand forces of market expansion and on the other the mediating/ civilising effect of political authority. This dialectic would seem to underpin the NR view that regions are constituted social orders that are both impacted by, and can influence market change, and build their own developmental path (Amin 1994; Coulson & Ferrario 2007).

The economic approach of the NR also draws upon institutionalist perspectives and concepts of path dependency. Institutional perspectives argue that markets are socially constructed and they incorporate factors such as trust, organisations, governance, cultural ties, and identity to explain patterns of economic growth and inequality (Hudson 2001; Pike, Rodriguez-Pose & Tomaney 2006). These sustain processes of learning and innovation and it is argued these are the key drivers of contemporary prosperity (Porter 1990; Dunning 2002; Gonzalez & Healey 2005). The ways in which local economies grow may be understood through the concept of path dependency, in which the development of institutions and economic conditions is highly sensitive to initial conditions (Martin & Sunley 2006). Each region has its own endogenous strengths in the context of a globally competitive economy and these strengths should be the starting point for thinking about economic development. Having introduced the economic approach underpinning NR perspectives, I will now define the role of regional communities.

2.3.2 Regional Communities and Innovation Systems

The concept of 'institutional thickness' has been influential in shaping the NR perspective. Institutional thickness may be defined as: strong presence of intermediary organisations, a good mixture of strong and weak ties between organisations collective purpose between firms and a strong sense of place identity (Amin 1999). Institutional thickness has a close association with the idea of community. Both concepts relate to the quality of associational ties between social actors. Community has three elements: territory or place, social organisations or institutions that provide regular interaction amongst residents, and social interaction on matters concerning a common interest (Green & Haines 2008, 2). A key part of institutional thickness is the formation of communities that include social actors who have an interest in regional development. These territorially based communities share values, interests and common perceptions of problems and solutions about regional development (Keating et al 2009). They include people who work in government departments, Local Councils, universities, chambers of commerce and community organisations within a specific geographic area. Coolson and Ferrario (2007) and Keating et al (2009) argue that membership of a community gives these social actors increased capacity and control over choices about development. The NR perspective argues that this agency enables social actors within regions to choose a development path and influence change (Cooke & Morgan 1998).

NR perspectives have generally focused upon communities of firms, educational and government organisations (Cooke & Morgan 1998; Cooke 2001; Bureau of Transport & Regional Economics 2003). Cooke and Morgan (1998) and Cooke (2004) characterise these collaborations as regional systems of innovation. This idea of regional innovation systems is drawn from national systems of innovation theory and institutional perspectives on social capital and learning (MacKinnon et al 2002). National Systems of Innovation (NSI) theory defines innovation as improvements in technical processes and products that result in productivity gains and new markets, which are generated through the collaborative effort of firms, governments, industrial research and development and universities at a national scale (Nelson & Rosenberg 1993; Freeman 1995; MacKinnon et al 2002). Cooke and Morgan (1998) argue that this NSI conception of innovation is an

overtly structural approach and that innovation is better understood as a complex set of processes that are organised locally and are mediated by institutions. Drawing from institutionalist perspectives Cooke and Morgan (1998) and Cooke (2004, 2007) argue that communities of firms, universities and government organisations enable regions to construct advantage by linking financial and human capital to promote innovation and growth. Having identified that regional communities have a role in promoting regional development, I will now evaluate criticisms of this argument.

2.3.3 Critiques of this approach

The evolutionary and institutionalist perspective on the region has been commended as a useful innovation in understanding the socially constructed nature of economic activity, but critiqued as theoretically confused and therefore difficult to verify (Wood & Valler 2004). This theoretical confusion is caused by the NR taking a constructivist position on the region which should privilege a methodological approach of verifying how regional development outcomes are produced within particular settings; and then arguing all regions are fixed political entities that need to build a knowledge economy (McLeod & Jones 2001; Brenner 2003). This puts the NR in danger of becoming a passing fad, and of focusing public resources on encouraging and promoting intra-firm innovation (Morgan 2004; Rainnie & Grant 2005). This could lead to the universal application of strategies such as clusters and building creative cities that are supported by Porter (2000) and Florida (2002) without robust analysis of local economic conditions (MacLeod 2001). The evolutionary and institutionalist perspective has also been critiqued as a way to justify the withdrawal of state support and to shift risk and responsibility onto regional communities (Lovering 1999; MacLeod 2001; O'Toole 2005). This perspective ignores asymmetries in power and material interests that motivate different social actors – such as between capital and labour - and therefore does not address the structural mechanisms that reproduce patterns of uneven development (Jones 2001; MacLeod 2004). These criticisms indicate that the NR perspective has an inadequate way of specifying how structural factors – such as globalisation – interact with the assets of different regions to shape the economic development. The current approach within the NR perspective risks a pre-determined judgment about the importance of the knowledge economy. Further

theoretical development will need to emphasize how forces associated with globalisation interact with regionally based assets to generate economic change. In the following section I will outline a way of understanding this dynamic interaction.

2.4 Strategic Coupling: connecting exogenous and endogenous factors to understand regional economic change

Coe et al (2004) set out a conceptual framework to bridge exogenous and endogenous factors that contribute to regional economic development. Coe et al (2004) argue that regional development is dependent upon the coupling of global production network (GPN) with regional assets. In this section of the chapter I will develop this argument and specify how it can be applied to address my key research question. This encompasses:

- Global Production Networks
- Regional Assets
- Strategic Coupling.

2.4.1 Global Production Networks

The GPN approach is consistent with the transformalist and critical political economy perspectives on globalisation. This approach can be drawn upon to specify how structural factors – such as globalisation – interact with the assets of different regions to shape the economic development (Henderson, Dicken, Hess, Coe & Yeung 2002). GPN are ‘the globally organised nexus of interconnected functions and operations by firms and non-firm institutions through which goods and services are produced and distributed’ (Coe et al 2004, 471). The GPN perspective argues that the key logic propelling globalisation is the capacity to produce goods and services at a profit and these processes are actively reproduced by firms involved in these networks. These networks coordinate the production of goods and services, and link a variety of firms across the globe in different ways. They cut through the regulatory structures of the nation state and are controlled by large multi-national corporations (MNC). GPN are made up of different organisations that have the power to control and shape production to varying degrees. Multi-National Corporations (MNC) are significant because they have the capacity to control production networks through relationships with supplier firms. This is particularly the case in industries that

have barriers to entry because of high capital costs and/ or require complex technologies (Coe et al 2004). These are defined as ‘focal firms’ which through their corporate and market power have the capacity to shape the organisation and distribution of GPN (Coe et al 2004, 473). These networks do not float independently of places and specific social contexts. They are embedded within, shape and are re-shaped by institutional arrangements – such as labour regulations - which are specific to particular places (Henderson et al 2002; Coe, Dicken & Hess 2008). Coe et al (2004) argue that production is dependent upon these networks being connected to specific regional assets.

2.4.2 Regional Assets

Coe et al (2004) define assets as ‘localized growth factors’, and include technology, organisational attributes of firms, natural endowments, the labour force, and relationships between organisations (Coe et al 2004: 469). This indicates there are a broad range of factors that couple with GPN and contribute to production in the region. There are various forms of assets identified in the regional development literature. Proponents of the NR tends to focus on the value of untraded assets that exist within network relations and there role in facilitating the transfer of ideas and resources to promote innovation (MacLeod 2001; Sunley 2008). Human capital – particularly technical skills - that resides within individuals and institutions are also important (OECD 2001; Cooke 2007). Economic geography has traditionally focused upon how differences in resource endowments – capital, natural resources, technology and environmental assets – can help explain differences in economic growth between regions (Stimson, Stough & Roberts 2006). There is no taxonomy of assets currently identified in the literature about regional economic development. The community development literature contains a taxonomy that includes a broad range of factors that may contribute to economic development. Assets are defined as the ‘gifts, skills and capacities of individuals, associations and institutions within a community’ (Green & Haines 2008, 7). This is similar to the concept of factor endowments such as land, capital and labour that has traditionally underpinned analysis about regional development (Pike et al 2006; Stimson et al 2006). Green and Haines (2008) develop a more detailed taxonomy of these endowments and identify seven forms of community assets (Table 1).

Table 1: Forms of Community Assets

Forms of Community Assets	Description
Physical capital	Built infrastructure – roads, buildings, houses
Human capital	Work skills, leadership, educational attainment, health
Social capital	Norms, networks and trust
Environmental capital	Air, water, land, flora and fauna
Financial capital	Money, access to credit, equity
Political capital	Access to democratic decision making
Cultural capital	Arts and culture, museums, ethnic festivals

Source: Haines and Green (2008)

This taxonomy opens up a broader discussion about the assets that different regions are endowed with. The way these assets may contribute to regional economic development is set out in Table 2.

Table 2: How Community Assets may contribute to Regional Development

Forms of Community Assets	Examples
Physical capital	Proximity to regular public transport, or appropriate commercial building space to attract firms
Human capital	Schools and universities that can supply a skilled workforce
Social capital	Networks that encouraging flows of knowledge and information amongst firms
Environmental capital	Attractive landscapes, rivers and harbors that encourage the development of leisure and tourism businesses
Financial capital	Accessing equity and credit to take advantage of commercial opportunities
Political capital	Capacity to influence decisions about the allocation of resources (e.g. to invest in public infrastructure)

Cultural capital	Cultural precincts, restaurants and festivals that attract visitors and encourage consumption
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In order to analyse how these assets couple with GPN there needs to be developed an explanatory account of change processes which is consistent with my broader theoretical approach. The theoretical perspective provided by Coe et al (2004) privileges the relationship between capital and labour in production. This is consistent with the argument that regional development policies are designed to address problems of uneven economic development such as growth, decline, disadvantage, and isolation (Hudson 2001). This means privileging the relationship between industry structure (financial capital) and the labour force (human capital) within a region. The motivations, interests and resources applied by social actors to capitalize upon these assets is likely to be shaped by this relationship. For example, struggles over the preservation of environmental capital, the promotion of regional culture and identities, and investment in physical capital. Having developed an argument about regional assets in the following section I will identify how they couple with GPN.

2.4.3 Strategic coupling and regional development

Coe et al (2004) argue that regional economic development is dependent upon regional assets complementing the strategic needs of firms situated within GPN. Coe et al (2004) define this as processes of ‘strategic coupling’ (Coe et al 2004, 469). Henderson et al (2002) and Coe et al (2004) argue that strategic coupling enables the production of value within a region. Value is defined as the ‘various forms of economic rent that can be realized through market as well as non-market transactions and exchanges’ (Coe et al 2004, 473). Strategic coupling can be achieved through regions developing *Economies of scale* and *Economies of scope*. Economies of scale refer to the capacity of a region to develop specialist industries that are internationally competitive through exploiting particular assets like technology and skills. As an example BMW chose to locate its main manufacturing plants in Eastern Bavaria because of an existing industrial base in car manufacturing and the availability of a skilled and flexible workforce (Coe et al 2004). Economies of scope refers to the capacity of firms and other entities in region to generate

and take advantage of spillover effects through local cooperation and learning between firms and other organisations (Coe et al 2004, 470). The development of clusters that is identified by authors such as Porter (2000) is an example of this. In the BMW example, BMW and the German and provincial governments have established a supplier and innovation park in East Bavaria, which has enabled skill and technology transfers to local companies (Coe et al 2004).

Coe et al (2004) argue that processes of strategic coupling are likely to have a range of effects on different regions based on their technological infrastructure, institutional frameworks and the strategies of focal firms. The key theme emerging from the literature about the effects of strategic coupling is the restructuring of industry and labour markets and increasing socio-economic inequalities between areas. From the 1970s, governments in many developed countries dismantled regulatory structures and wound back levels of protection and market intervention. These reforms were designed to increase the flexibility of national economies and facilitate the movement of capital and labour to where it is needed most (Parham 2004). The geographical spread of the gains from these reforms were uneven, however, as capital sought out areas where the returns were highest, while areas of disadvantage emerged in regions where investment in infrastructure had been cut back and levels of labour force skills were low. These changes tended to disadvantage rural areas with low population densities and urban areas reliant upon manufacturing (Gleeson & Carmichael 2001; Tonts & Haslam-McKenzie 2005, Boyle et al 2008). The changes coupled with emergence of the knowledge economy have tended to benefit major cities because of the benefits of agglomeration and their links into financial markets (Porter 1990; Florida 2002; Boyle et al 2008). These industrial changes have also transformed the nature of work. In developed economies this means relative decline and employment loss in industries that are characterised by low skilled work and are labour intensive – for example agriculture and some manufacturing (Cooke 2001; Dunning 2002; Boyle et al 2008). Growth has occurred in some service orientated industries, which has a mixture of low paid/ insecure and highly paid work (Forster 2004).

2.5 Conclusion

In this chapter I have identified the building blocks of a theoretical framework to explain how globalisation is impacting upon regions. The NR suggests a re-conception of how governments approach regional development based around the idea that partnerships increase the capacity of social actors to influence economic development in the context of a globally competitive economy. This argument contributes to the literature by making a clearer distinction between the NR perspective and other approaches to regional development. This thesis will focus upon examining the limits and possibilities of these partnerships as a means of promoting regional development in the context of a globally competitive economy. My key research question to establish this inquiry is:

Do partnerships promote regional development and if so, who shapes this agency?

I have proposed that structural forces associated with the economy shape the choices available to social actors who participate in regional partnerships. I will now conclude by outlining how this may occur and set out a subsidiary research question to guide my empirical analysis.

The NR perspective is important and relevant for my research question because it situates the region within the structuring effects of increasing globalization and the emergence of a knowledge economy. I have identified some ways to improve how these changes are theorized. The transformalist position about globalization put forward by Held et al (1999) is sufficiently broad and covers social, economic and environmental domains. Increasing globalisation is likely to generate structural and distributional impacts within particular regions. However, this position is too descriptive and does not specify the logic that is propelling processes of globalisation and these restructuring effects, and which actors are shaping them. I have drawn upon authors such as Harvey (2001) and Hudson (2001) to argue that increasing globalisation is the consequence of a tendency to deepen and extend processes of capital accumulation. These processes are actively constructed by the State through regulatory reforms that tend to facilitate the movement of capital (Peck & Tickell 2002). Authors such as Rainnie and Grant (2005) identify that the NR

has a tendency to overstate the shift to a knowledge-based economy. These limitations need to be taken into account when analysing structural economic change, and the changing nature of work and employment at a regional level.

The economic approach of the NR emphasises the evolutionary, institutionalist and path dependent nature of regional economic development. The NR argues that a region should not be understood as a site upon which the nation state and market forces can act. Instead, it puts forward an embedded, historical, relational and contested view of region development. Institutional thickness is a key concept shaping how regions can influence regional development outcomes in the context of a globally competitive economy. Authors such as Keating et al (2009) support an argument that regionally based communities have the capacity to influence and shape economic development outcomes. Through the notion of regional innovation systems these debates have a tendency to focus on communities that include businesses, governments and universities, whilst other social actors such as Trade Unions and Community Sector Organisations are marginalized. The NR perspective also has a narrow focus on particular assets like universities that are important to growing a knowledge-based economy. Although these industries are undoubtedly an important part of local prosperity they are not the only variable. What is needed is a broader emphasis on the political, social, economic and environmental assets that a region is endowed with, rather than a sole focus on high technology industries. The nature of the dynamic relationship between global and regional factors needs to be examined and should be a focus of further theoretical development.

In the final section of the chapter I drew upon the theoretical framework set out by Coe et al (2004) to address these conceptual weaknesses that I have identified in the NR. Globalisation is shaped by firms within production networks. The nature of these networks can be investigated by identifying focal firms within a region and understanding how key industry sectors are connected into the global economy. These firms produce value by capitalizing upon regional assets, and I developed a taxonomy of these assets. Regional development is dependent upon the coupling of these assets with GPN. As barriers to trade have been reduced there has been a general trend of declining

manufacturing and agriculture based work, and the growth of knowledge and service based work within OECD regions. Regions that experience the negative effects of economic change will need to re-evaluate how their assets can meet the changing needs of firms situated within global production networks. This imperative is likely to frame the choices available to actors in the region and the role of partnerships in regional development strategies. My subsidiary research question to guide this analysis is:

How do forces associated with globalisation interact with the endogenous assets of different regions to generate economic change?

I have developed the following heuristic device to test the theoretical framework that I have developed in this chapter:

- Increasing globalisation of economic activity will have distributional and structural impacts in the region
- Regions have a range of social, economic and environmental assets that produce economies of scale and scope
- Regional economic growth is dependent upon export orientated firms that collaborate to take advantage of the regions assets.
- Regions are likely to experience restructuring of labour intensive industries and the growth of service based industries as a result of increasing globalisation – this is associated with decreasing demand for low skilled manufacturing work and a growth in higher skilled work in service industries
- The distributional effects of these changes will be uneven and leave a legacy of increasing inequalities and entrenched socio-economic disadvantage.

I will apply these propositions to guide my empirical analysis. In the following chapter I will develop my theoretical framework by evaluating which social actors have the resources and means to influence these economic changes.

3 GOVERNING REGIONAL ECONOMIC DEVELOPMENT

3.0 Introduction

The purpose of this chapter is to evaluate which social actors have the resources and means to influence the economic changes identified in the previous chapter. The chapter begins by evaluating different theoretical perspectives on power that are evident in the regional development literature. Power is conceived as centered with those who have access to material resources and also distributed through networks and shared identities. I argue that these different perspectives can be applied together to generate an understanding of which social actors hold power in regional development and how this power is deployed. The State is central to questions of power in regional development and I evaluate contemporary trends in state restructuring. I identify that the State is attempting to encourage more participatory forms of governance through contested processes of devolution and democratisation. I identify which social actors are participating in these governance arrangements, and what their interests are within regional development strategies. The chapter concludes by summarizing my findings from this literature review and a subsidiary question to guide my inquiry about these issues.

3.1 Theoretical perspectives on Power

In this section of the chapter I will identify who holds power within regional development strategies, and how this influence occurs. This encompasses:

- Centered and Relational perspectives on power
- Where does power lie? Centered power
- How is power exercised? Relational power.

3.1.1 Centered and Relational perspectives on power

Henderson et al (2002) and Coe et al (2004) argue that power is ‘decisive’ in shaping regional development outcomes (Henderson et al 2002, 450). Firms that are embedded within GPN have their own strategic needs and have the capacity to move production. The relative strength of the state and labour shapes the capacity of regions to attract

mobile investment and leverage benefits from it (Coe et al 2008). Henderson et al (2002) identify three forms of power: *corporate* – the capacity of firms to influence decision and resource allocation within GPN; *institutional* – power exercised by states and supra-national institutions like the World Bank; and, *collective* – which includes a range of intermediary organisations like Trade Unions, business associations and non-government organisations that seek to influence firms within GPN. Power is not just held by these actors but is a relational effect of the interactions between them – for example the ability for the state, labour and local business interests to form growth coalitions (Coe et al 2004). However, so far the GPN perspective has not paid attention to the role of the State and other non-firm institutional actors, and how they may shape regional development outcomes (Coe et al 2008). We can begin to understand their role by examining different perspectives on power, and how they may be applied to understand who has the capacity to shape regional development outcomes, and how this influence occurs.

Debates about power in the regional development literature draw from territorial/centered versus topographical/relational conceptions of the region (Pike 2007; Lagendijk & Boekema 2008). Territorial perspectives use a geometric logic and examine places in terms of their fixed jurisdictional boundaries, emphasizing hierarchical politico-administrative and economic relationships. As discussed in the previous chapter, the NR has adopted this conception to argue that regions are more important in a globally competitive economy (Cooke & Morgan 1998; Keating 2004). Regions are marked out with clear boundaries and it is assumed they contain homogenous communities that governments can work with to promote development. The topographical and relational approach is critical of this argument about the importance of territorially fixed strategies to addressing socio-economic inequalities (Allen 2004; Massey 2004; Allen & Cochrane 2007). Massey (2004) and Allen and Cochrane (2007) argue that territorial perspectives ignore how places are assembled through networks of social, cultural, economic and political relations, which may extend far beyond (or within) these geographical boundaries. This perspective has the potential to open up new possibilities for regional development such as decentralising political power, more provisional and spatially porous policy interventions, localities and regions forming cooperative alliances, and

better recognition of difference and conflict within places (Massey 2004; Hudson 2006, 2007; McLeod & Jones 2007). Whilst recognizing the validity of these arguments, Hudson (2007), Morgan (2007), and McLeod and Jones (2007) are critical of the topographical/ relational perspective arguing it devalues jurisdictional and administrative boundaries, and risks a flat ontology that sidelines the hierarchical nature of political and economic arrangements people and places are situated in. They argue both perspectives should be applied to examine the factors that shape place based approaches to governance and development.

Hudson (2006, 2007) examines the different dimensions of power in regional development by focusing on how and by whom regions are constructed both materially and discursively. Hudson (2006) argues that territorial and relational perspectives use different conceptions of power. Territorial approaches look at places in jurisdictional and administrative terms and have a state centric and materialist view of power (Allen 2004; Hudson 2006, 2007). This is based on a view of power as a zero sum game. Some bodies in our society have power; they accumulate it, and deploy it to achieve their own ends – the other party is disempowered and loses these resources. Power is asymmetrical and centered in the authority of the state and those who have control over material resources. Allen (2004) argues this logic over-emphasises the innate power of the state or capital, and overlooks how power is actually exercised. Relational perspectives draw on Foucauldian and networked views of power to examine how it is exercised (Hudson 2006, 2007). This incorporates interpersonal and institutional dimensions into partnership analysis. Network approaches examine how actors mobilise ideas and resources to make changes at a local level. Power here is generative and distributed. Foucauldian perspectives focus on the strategies and techniques used by actors to introduce ideas, construct meaning, and form a common view about the region that is favorable to their interests (Painter 2002; Hudson 2006). I will now explore how centered and relational concepts of power can help examine who holds power within regional development strategies and how this influence occurs.

3.1.2 Where does power lie? Centered power

Modern theories of power have traditionally focused on how the State exercises authority and rule within the nation state (Foucault 1991). Theories about the State have traditionally been built on the assumption that it is an institution separate from civil society and the economy – for example by citizens giving certain rights of power to the State, which are then exercised on their behalf (Foucault 1991, Jessop 2006). The state is analytically distinct from civil society (sum of voluntary, reciprocal and social relations), and the market (competitive and commercial relations), although all three inter-relate in different ways. It has an independent role in shaping social outcomes through its jurisdictional and legal authority and its monopoly on the legitimate use of coercive force. Power is understood in terms of how decision making responsibilities, policy competencies, fiscal autonomy and lines of accountability to Ministers are organised (Bache & Flinders 2004, Flinders 2004). These perspectives are sceptical of the capacity for the state to open up spaces for inclusive dialogue about regional development strategies, and emphasise its technocratic and domineering nature (Lever 2005). There is a strong view in the literature that the power within partnerships resides with departments of state and they have limited capacity to influence decision making or resource allocation choices of government (Smyth, Reddel & Jones 2004; Beer & Maude 2005; Geddes 2006). This research finds that partnerships are embedded within organisational hierarchies and tend to be controlled by public managers and reinforce existing power relations (Entwistle, Bristow, Hines, Donaldson & Martin 2007; Whitehead 2007).

Centered concepts of power are evident in perspectives from critical political economy, which argue that the primary causal mechanism of social outcomes is unequal relations between labour and capital in production (Harvey 2001; Hudson 2001, 2006a). Power is defined by who has control over the means of production. The strength of this perspective is it situates the State within a broader social and economic context. Jessop's strategic-relational approach has influenced shaping critical perspectives on the relationship between the State and the economy (Jessop 2006; Lagendijk 2007; Fuller & Geddes 2008). Jessop (2006) conceives the State as an ensemble of institutions where various social forces pursue their interests to shape how policy is represented, what interventions are selected, and how these ideas are organised and delivered. The State has the authority

to shape processes of capital accumulation and the types of interventions selected are dependent on the relative power of capital, labour and other social interests (Hudson 2001). The state acts to temporarily stabilise economic growth through various accumulation strategies or growth models (Jessop 1990, 2006). As argued in the previous chapter, contemporary accumulation strategies are shaped by neoliberal ideas that aim to remove regulatory constraints on capital through strategies that enforce market forms of organisation, thinking and behaviour. NR perspectives accept that regions exist in a globally competitive economy and seek to re-shape place-based assets to attract mobile capital investment. In this light the NR has been described as an ideological strategy for justifying the withdrawal of the state and to enscribe competitiveness, flexibility, and risk onto regions and localities (Lovering 1999; MacLeod 2001; Langendijk 2007).

This perspective helps explain how the State will act to shape the processes of strategic coupling that I identified in the previous chapter. The state is likely to make decisions that extend, deepen and expand processes of capital accumulation within a region. As discussed, the critical political economy perspective argues that power resides with those who control the means of production. This approach helps explain the role of business in place based partnerships, whether these collaborations influence the (re)distribution of resources, and what kind of economy they are seeking to encourage (Hudson 2001, 2007; MacLeod & Jones 2007). However, there is also a risk of falling into deterministic accounts that assume people and organizations operate according to material interests, which diminish the possibility of meaning, interpretation and agency. Various authors have developed a dialogue between critical political economy and other ways of organizing social activity, different sources of power and inequality, and ideas beliefs and traditions that exist outside of the economy (Hudson 2001). This includes ethnic and place based identities, goods and services produced in the social economy, ecological and gender considerations (Hudson 2001; Morgan 2004; Birch & Whittam 2008). These perspectives give me the scope to reach beyond material factors that motivate and allow different social actors to influence processes of strategic coupling. Having identified where power may be situated – in the following section I will identify how it is exercised.

3.1.3 How is power exercised? Relational power

The strategic-relational approach also includes a focus on how power is exercised by different social actors to influence the State. Social actors reproduce and transform political and economic structures by forming alliances and developing arguments that can influence others (Lagendijk 2007). This draws from institutionalist perspectives, which argue structures are not fixed entities operating according to defined laws but defined more loosely as 'rules and resources' (Giddens 1984; Gonzalez & Healey 2005; Giguere 2008). Institutions are reproduced and organised by people through markets, hierarchies and networks (Adler 2001; Davies 2005; Entwistle, Bristow, Hines, Donaldson & Woods 2007). Networks are made up of people who work together in collaboration and are based on trust and reciprocity (Seddon, Billet & Clemans 2005; Entwistle et al 2007). Successful networks should have members that share the same level of basic material conditions, common beliefs and values, multiple relations, and practice reciprocity (Thompson 1982 in Entwistle et al 2007). Network failure exists when members share disproportionate costs and benefits, and when these communities are closed to new ideas and ways of doing things (Entwistle et al 2007; Davidson & Lockwood 2008). Network approaches enable me to focus on the interpersonal factors that underpin partnerships such as who people talk to in seeking advice and information that are overlooked in centered accounts of power. They can also be used to map relations that may extend far beyond the jurisdictional boundaries of localities in the form of family and cultural connections, centers of national political authority, multi-national corporations, and ecosystems (Hudson 2001; Massey 2004; Everingham, Cheshire & Lawrence 2006).

The concept of governmentality is used to examine how ideas and meanings are assembled and become taken for granted through these networks. 'Governmentality' is drawn from Michel Foucault's work on the emergence of the modern state. Foucault (1991) argued that government is a form of power that is applied through the state to shape the conduct of entire populations and achieve outcomes such as increasing productivity or improving public health. This approach rejects the idea that power is necessarily embodied solely within, or exercised through the state by any particular actors, interests or social forces (Moss 1998; Dean 1999). Government is defined as

calculated attempts to modify and direct conduct of others toward particular normative objectives (Dean 1999; Hudson 2006). The governmentality approach begins by focusing on what has been called into question through State institutions, for example regions that are underperforming (Dean 1999). This question creates a field of visibility that can include various actors - individuals, families, communities or populations - and also encompasses the normative goals that are set to resolve these problems such as increased employment, better health, and skills development. Achieving these outcomes is dependent upon various qualitative and quantitative techniques that work through the desires, aspirations, interests and beliefs of different social actors (Dean 1999; Hudson 2006). These various techniques of power relate to forms of knowledge and expertise, for example neoclassical economics or behavioral theories (Dean 1999; Swyngedouw 2005). Finally these processes of governing attempt to create forms of individual and collective identity that embed continuous relations of authority (Dean 1999). These processes are not deterministic and people have the capacity to resist or shape them, and they may generate unintended consequences that in turn may require new forms of government (Dean 1999). These dimensions of questioning, techniques, forms of knowledge and identity constitute mentalities of government and administration or 'governmentality' (Dean 1999; Painter 2002).

Dean (1999) argues current mentalities of government are based around embedding the cultural norms and behaviour of the market through technologies of agency (contracts, citizenship, community), and technologies of performance (corporatism, quasi markets). These technologies draw primarily from ideas relating to neoclassical economics, behaviouralism, and communitarian theories. This new regime constructs or appropriates multiple centers of agency outside of the state into relations of authority (Dean 1999; Herbert-Cheshire & Higgins 2004; Cheshire & Lawrence 2005; Swyngedouw 2005). Dean (1999) argues that this indicates a shift away from the welfare state, which sought to secure social and economic risks through the state at the level of whole populations. Painter (2002) focuses on techniques of regionalisation, outlining how successive UK Governments have assembled regional economies through compiling regional statistics, reorganizing administrative arrangements, and developing regional economic strategies.

Others draw on interpretive approaches to examine how ideas structure the choices of people participating in local and regional partnerships (Skelcher, Mathur & Smith 2005; Gonzalez & Healey 2005; Bache & Catney 2008). Skelcher et al (2005) argue that managerialist discourses of technical control and expertise have greater influence in organizing partnerships rather than democratic and participatory discourses. These approaches can help understand how partnerships are constructed discursively and have the potential to complement materialist and centered views of power set out earlier in this chapter (Hudson 2007). Having evaluated these different perspectives on power – in the following section I will examine contemporary trends in the governance of regional development.

3.2 Contemporary Trends in State restructuring

The purpose of this section of the chapter is to evaluate NR arguments about how the state is restructuring to govern economic change at a regional level. This encompasses:

- Shift from Government to Governance
- Devolution to encourage regional decision making
- Democratisation to increase participation.

3.2.1 Shift from Government to Governance

Authors such as Cooke (2004) and Morgan (2004) apply relational perspectives of power to argue that regional governance occurs through ‘regional governance systems’. The regional governance system is defined as ‘relationships between the multiple levels of governance involved in economic development, with special attention being devoted to the system of innovation and the interaction between the national and regional levels’ (Cooke 2004, 874). The NR argues this governance system can be organised to plan and regulate economic activity and allocate resources. The NR conceives the state as one actor within a regional governance system. The NR theory of the state is built on a dualism between its internal coherence as an organisation and the quality of its external relationships with other actors in the regional governance system (Cooke 2004). In terms of internal coherence the NR advocates for more flexible and networked forms of state organisation based on trust and negotiation (Reddel 2002; Morgan 2004). This

organisational change enables the state to position itself as a participant, supporter and leader within the regional governance system. The effectiveness of state action is determined by the quality of relationships with external organisations to promote learning and innovation (Cooke 2004). This means the state acting with, and resourcing intermediary organisations (such as Chambers of Commerce, unions and trade associations) to participate in the regional governance system. The NR argues this conception of the state shifts debate away from the scale of intervention (traditional state versus market) toward the efficacy of intervention (Cooke 2004).

The perspective on the State does not take account of the centered theories of power discussed in the previous section, and ignores the hierarchical relationships that shape regional governance (MacLeod & Jones 2007). Jessop (1999) argues that ‘governance’ is an increasingly important strategy for the state to exercise power and allocate resources at a regional level. Geddes (2005) identifies three tendencies in the shift from state-based government to more pluralistic governance: decline of the public sector and increased role of business and not-for-profits; shift in focus from welfare to enterprise and economic competitiveness; and, growth in partnerships involving state and non-state actors. Jessop (1999) identifies the market and state have their own logics: the market has its own procedural rationality based on coordination of individuals and firms through competition and profit; the state has its own substantive rationality that seeks to address issues through the application of organisational coordination and hierarchy; whilst governance rejects this demarcation and seeks to promote coordination through heterarchy, which has a reflexive rationality. Governance type strategies – such as partnerships – may give the appearance of cooperation. However, political authorities still set the ground rules for collaboration, retain strategic information, and hold the power to make decisions when disputes emerge between social actors (Jessop 1997). Jessop (1997) and Whitehead (2007) argue that these partnerships are situated within a broader ‘meta-governance’ where political authorities determine the role of partnerships and collaborations between social actors. In undertaking a review of the literature on state restructuring Deas and Lord (2006) identify two ways that political authorities are restructuring power to support the role of partnerships – downwards to cities and region

and outwards to non-state bodies. In the following sections of this chapter I will examine how the state is restructuring power downwards to cities and regions, and outwards to non-state actors.

3.2.2 Devolution to encourage regional decision making

Devolution describes the process of the state delegating decision making responsibility and resources to an entity at a smaller geographic scale. Lloyd and Peel (2006) and Mawson (2007) argue that overall efforts to devolve resources and decision making responsibility to strengthen regional governance are central to the Blair Government's Third Way agenda. The governance reforms in the UK from 1997 included the establishment of Regional Development Agencies (RDA's) across England. These agencies were tasked to prepare an economic strategy for the region in partnership with key stakeholders. From 2001 three key reforms were introduced: (i) the creation of a single pot of funds for RDA's to leverage additional funding; (ii) the introduction of a regional dimension into public service agreements negotiated between the Treasury and Departments; and, (iii) the transfer of skills and innovation functions to RDA's. Tomaney (2002) and Mawson (2007) argues that these reforms elevate the importance of regional development in UK Government policy. Cooke and Morgan (1998), Bellamy et al (2003), and Cooke (2004) argue that a distinction needs to be made between processes of regionalism (demands from below of devolved planning and delivery), and regionalisation (pushes from above of administrative reform). Bellamy et al (2003) and Eversole and Martin (2005) argue both these processes have accelerated in Australia since the 1990s. Bellamy et al (2003) cite the growing importance of local government in areas outside of 'roads, rates and rubbish' and the establishment of Regional Economic Development Organisations and Area Consultative Committees by the Commonwealth Government as examples of this. Jones (2004) in a UK context argues that regionalization is the dominant strategy because regional boundaries, funding and accountability of RDA's are all determined centrally. The arguments developed by authors such as Eversole and Martin (2005) and Jones (2004) indicate that devolution is occurring but these processes are led and shaped by the State.

There is an associated argument that devolution has not occurred and overall regional development initiatives are marginal to the mainstream business of government. Power is understood in terms of who is accountable for decisions about policy responsibilities and budgets (Bache & Flinders 2004; Flinders 2004). There is a strong view in this literature that power resides with public managers rather than social actors participating in partnerships (Smyth et al 2004; Geddes 2006, 2007). MacLeod (2004) argues the NR focuses on local networks and reciprocal relationships rather than vertical and hierarchical structuring of governance relations, for example: how local institutions are mediated by labor market and education regulatory systems. Beer, Haughton and Maude (2003) and Beer and Maude (2005) identify a similar critique in the Australian context particularly weak links with Commonwealth based labor market programs. Reddel (2002), Beer, Clower, Haughton and Maude (2005), and O'Toole (2005) argue this marginal role for regional development is caused by the dominance of neoliberal and New Public Management (NPM) ideas. The NPM expresses the idea there has been a shift toward market based ways of organising public management over the last 30 years through mechanisms such as compulsory competitive tendering of publicly funded services (Barzelay 2001). NPM lends itself to centralized planning and accountability, which creates a tension with demands for local autonomy (O'Toole 2005; Geddes 2005). As a consequence regional governance initiatives are disconnected from mainstream policy agendas and resource allocation processes of government (Smyth et al 2004). Having identified that it is likely processes of devolution will be contested and uneven the following section will evaluate the strategy of democratization.

3.2.3 Democratization to increase participation

Alongside these contested processes of vertical restructuring the NR also argues that the state is reaching out to work with non-state actors – business, third sector organisations and communities – through the strategy of democratization (Amin 1999). The NR also draws discourses about the importance of social capital in strengthening regional governance. Reddel (2002) identifies a trend over the 1990s about questioning the centrality of NPM in policy and administrative debates and the rise of community centered notions of social capital. Reddel (2002) argues that the emergent new

governance discourse moves beyond two traditional rationalities of public administration: Weberian ideal type of hierarchical command, specific division of tasks, and relationships based on rules and procedures; and, NPM involving the introduction of corporate management techniques (goals and performance indicators), and market methods for allocating resources (such as mandating government agencies purchase services rather than directly provide them). Reddel (2002) argues the emergence of community centered notions constitutes a 'new governance' discourse that redefines the role of the state. This discourse is evident in new language used to describe the state such as 'facilitator, enabler and animator', as opposed to those associated with traditional centralised department type structures (Reddel 2002, 57). The new governance discourse is defined as a shift from hierarchical organisational modes toward management, resource allocation and delivery through negotiation and networks. In this context the state can act as a supporter and 'rule setter' in terms of associative activity – with organisations of the state working and negotiating with different parts of civil society.

This perspective is critiqued as having a naïve view of dialogue and the capacity for different actors to reach equal consensus. Phelps and Tewdwr-Jones (2004) argue that more focus needs to be given in the NR to different rationalities and strategies of organisations and actors within collaborative forms of governance. Phelps and Tewdwr-Jones (2004), Eversole and Martin (2005), and Rainnie and Grant (2005) argue that NR perspectives are restricted to an uncritical conception of dialogue and collective action with little recognition about issues around the motivation of different actors in associative governance, how power is exercised by them, and how these different rationalities distort discourse. For example: the state comes from the outside to determine the framework for discussion and is the dominant player, which is reinforced by the historically low capacity and marginal role for business and community groups in local economic development in Australia (Beer et al 2003; Bellamy et al 2003; Brown 2005). This uncritical conception could lead to the danger of merging 'community' and 'governance' and reinforcing community elites (Reddel 2002). Having reviewed how the state is restructuring – in the following section I will examine how other social actors may influence the role of partnerships.

3.3 Role of other Institutional Actors

As we saw in the previous section of this chapter the NR argues that the State is transforming through processes of devolution and democratisation to support more inclusive forms of regional governance. Authors that are proponents of the NR such as Cooke and Morgan (1998), Morgan (2004) and Keating et al (2009) do not develop a theoretical framework that specifies the roles of non-state actors within regional development strategies. The concept of institutional thickness developed by Amin (1999), which I discussed in the previous chapter does not articulate the roles of different actors, or how they may influence the role of partnerships. Keating et al (2009) argues that interests may differ within regionally based communities but does not go further in explaining what these interests may be. There are not specific propositions in the NR about the interests, motivations and resources of other institutional actors such as business associations, universities and third sector organisations. In this section of the chapter I will outline how these non-state institutional actors may influence the role of partnerships in regional development strategies.

As we saw in [Section 3.1](#) I have drawn upon the assumptions of critical political economy, which argues that the primary causal mechanism of social outcomes is unequal relations between labour and capital in production (Harvey 2001; Hudson 2001, 2006). Power is defined by who has control over the means of production. By applying this theoretical perspective I can begin to develop some arguments about the material interests of different actors involved in regional development strategies. Cooke and Morgan (1998) identify the important role of business associations in regional development strategies. These include chambers of commerce who represent people that own capital and have control over the means of production within a particular area. Protecting and growing profits - through strategies such as place marketing and urban renewal – are likely to be the key interest motivating these institutional actors (Stoker 2000; Boyle et al 2008). Trade Unions represent the interests of workers and advocate for rights at work, jobs and enhanced social conditions for these workers. Trade Unions may be able to mobilise geographically to advocate for these rights and develop coalitions to pursue

other causes through community unionism (Coe et al 2008). O'Brien, Pike and Tomaney (2004) argue that unions can play a role in regional development strategies as a partner in decision making processes and also through its advocacy role and supporting social movements. The interests of capital and labour are not the only ones represented in regions and there are organisations and interests connected with social and environmental objectives (Hudson 2001; Birch & Whittam 2008).

Educational, third sector organisations and social movements may also play roles within regional development strategies (Cooke 2007; Birch & Whittam 2008; Goddard & Chatterton 2003; Green & Haines 2008). Educational organisations play a critical role in human capital formation within a place (Green & Haines 2008). The material interests of universities and other educational organisations are likely to be to increase the quantity and quality of research and students. Benneworth, Coenen, Moodysson and Asheim (2009) argue that universities have a broader contribution to regional development through 'creating new high-technology firms, consulting for local industry, delivering advice to politicians and policy makers, informing general public debates and shaping the national spatial distribution of social opportunities and services' (Benneworth et al 2009, 1649). Third Sector organisations play a role in the formation of social capital within a region (Birch & Whittam 2008). Third Sector organisations produce goods and services that are neither for-profit nor state-run and include a range of community based organisations (Amin, Cameron & Hudson 2003). They will also have an interest in attracting philanthropic and public resources and pursuing a broad range of social, cultural and environmental objectives (Birch & Whittam 2008). This may also include community based social movements advocating for social, economic and environmental justice – such as affordable housing, job training and quality public education (Green & Haines 2008). These social movements may be able to place pressure on governments and firms to change around ethical issues such as genetically modified food (Coe et al 2008). Having identified the likely roles of non-state actors – in the following section I will conclude this chapter.

3.4 Conclusion

Power is a concept to understanding which actors influence regional economic change, and how this influence occurs. Coe et al (2004) and Coe et al (2008) recognise that questions of power and the role of non-firm institutional actors are not adequately theorized in the GPN approach. In this chapter I have set out a way of developing this theoretical framework by evaluating which social actors have the resources and means to influence the economic changes identified in the previous chapter. This has encompassed:

- Theoretical perspectives on power
- Contemporarily trends in State restructuring
- Role of other Institutional Actors.

I will now conclude the chapter on each of these points and identify a subsidiary research question and heuristic device to guide my empirical inquiry.

Hudson (2006, 2007) argues that combining centered and relational concepts of power helps uncover the multiple factors shaping regional development. This approach gets beyond the surface appearance of what we observe in partnerships to help us understand the various dynamics and ideas that assemble and sustain them over time. Traditionally regions have been seen in jurisdictional and administrative terms; recently focus has been placed on how they are assembled through relations and networks (Allen & Cochrane 2007). Relational approaches are important because partnerships are based on collaboration between people and emphasise interpersonal and institutional factors. Governing regional development is complex, contingent and often based on trying to solve ongoing problems and crises. The strategic-relational approach to the State developed by Jessop (2006) is sufficiently broad to examine these multiple dimensions of power. This approach recognizes the State has its own authority and is interdependent with other centers of power such as social actors that control production. Governmentality provides an approach for analysing this complexity and importantly places focus upon the specific techniques – such as performance indicators and contracts - employed by actors to build and maintain power (Dean 1999; Painter 2002). Networks between people and organisation are important in coordinating regional governance (Cooke 2004). Networks do not float independently of hierarchies and centers of

authority (Hadjimichalis & Hudson 2006; Enwistle et al 2007). People working in them have their own authority, resources and interests that give them agency and power to influence others. I will apply this multifaceted approach to examine the resources and means utilised by institutional actors to influence regional economic change.

The state provides a framework for regional development and has the resources and means to influence regional economic change (MacLeod 2001; Beer et al 2003). The State is experiencing trends of devolution and democratisation in response to the pressures associated with a globally competitive economy. These changes enable more flexible responses to policy responses within different regions (Cooke 2004). These processes are contested and uneven. The State still holds decision making authority and ideas such as devolution and community can mask asymmetries of power (Hudson 2006). These arguments point toward the need to understand the meta-governance of partnerships – how the state establishes an overarching policy framework, rules of engagement, and shapes the resource allocation choices of regional development strategies (Whitehead 2007). In analyzing processes of devolution in regional development an important test is the degree of autonomy given to social actors to set performance objectives and develop spatial plans, determine priorities for action, and the kinds of mechanisms they have to influence decision making and the allocation of resources. In terms of democratization the key issues to consider are who is (and isn't) included in formal governance arrangements; how people and communities are engaged in decision making; the different rationalities and discourses at play; and, the rules and processes underpinning dialogue and decision making (Phelps & Tewdr-Jones 2004).

Other institutional actors such as business associations and universities are becoming more important in the shift toward regional governance and contribute to building regional assets (Eversole & Martin 2005; Deas & Lord 2006). Business associations and interests are likely to play a prominent role in regional development strategies. Their material interests lie in accessing public resources to protect and maximize their profits. There may also be a split between the globalised interests of focal firms and the localized interests of regionally owned businesses. Trade Unions may also participate to promote

the interests of workers and other social movements (O'Brien et al 2004). The primary responsibility of educational organisations such as universities is to build human capital and they have a material interest in growing and improving the quality of their research and student base. Benneworth et al (2008) identify a range of other activities – such as consulting for local businesses and providing advice to decision makers that encompass the broader role of universities in regional development. Third Sector Organisations and social movements may have a role in the formation of social capital and will advocate for the interests of the political causes and social groups they represent (Birch & Whittam 2008).

My review of the literature indicates that multiple institutional actors have the capacity to influence the processes of regional economic change identified in the previous chapter. My subsidiary research question to guide this inquiry about power within regional development strategies is:

Which actors have the resources and means to influence these restructuring processes?

I have developed the following heuristic device to test the theoretical framework that I have developed in this chapter:

- The state will support regional partnerships by devolving and democratizing decision making authority - but will set the rules for these restructuring processes through a range of administrative techniques such as regional budgeting, outcomes based performance planning and establishing boards
- Business, universities and third sector organisations will apply resources to influence the State, be motivated to participate in regional governance by their material interests, and will do so through a variety of formal and informal techniques
- There will be a mixture of competition between institutional actors, and collaboration based on relationships of mutual advantage.

I will apply these propositions to guide my empirical analysis. In the following chapter I will develop my theoretical framework by identifying what type of value is generated by partnerships, and how this resource is associated with the economic development of regions.

4 PARTNERSHIPS AND REGIONAL ECONOMIC DEVELOPMENT

4.0 Introduction

In the previous chapter I identified which actors have the resources and means to influence regional economic change. The purpose of this chapter is to identify how partnerships may mobilise these resources to promote regional development. In this chapter I will examine what type of value is generated by partnerships, and how this resource is associated with the economic development of regions. This part of the literature review will help further develop the theoretical framework established by Coe et al (2004) by specifying how institutional structures influence processes of strategic coupling. The chapter begins by evaluating the NR argument about the appropriate form of governance for regions in a globally competitive economy. Partnerships with businesses, not-for-profit organisations and community-based organisations are an increasingly important part of the way in which governments address problems of spatially uneven development. The NR does not specify how these partnerships are associated with the economic development of regions. In the latter part of the chapter I develop a model to understand the relationship between these partnerships and processes of strategic coupling. The chapter concludes by summarizing my findings from this literature review and a subsidiary question to guide my inquiry about these issues.

4.1 Associational Governance

In this section of the chapter I will evaluate the NR argument about the governance of regional development in a globally competitive economy. This encompasses:

- Policy Goals of Regional Economic Development
- A new model of Regional Governance
- Partnerships and Collaborative Advantage.

4.1.1 Policy Goals of Regional Economic Development

There are two key perspectives in the NR about the appropriate goals for contemporary regional development strategies. The first is a knowledge economy thesis put forward by the OECD (2001a), Florida (1995, 2002) and Cooke (2007) that public resources should

be invested in promoting intra firm networking, innovation, and creativity. Cooke (2007) uses the concept of 'constructed advantage' to describe how government can develop regions by promoting business clustering, investing in knowledge infrastructure such as universities, and supporting creativity and tolerance. Cooke (2007) argues these investments build a policy platform that regions can use to attract mobile resources and utilize existing assets more efficiently in a knowledge-based economy. This thesis also encompasses the factors that help attract skilled labour to a locality. Florida (2002) places focus upon investing in factors – such as attractive urban landscapes and cultural events – that help attract highly skilled creative workers. This is closely aligned with the concept of 'liveability' which suggests there is a relationship between the physical design of an urban environment and the social life that it sustains (Hankins & Powers 2009, 848). Liveable places are those which have an attractive natural environment, amenities within walking distance, vibrant social interactions and good public transport (Hankins & Powers 2009). As we saw in the previous chapter these strategies risk the implementation of universal solutions regardless of assessing regionally based assets. These strategies also reinforce existing economic inequalities by reinforcing 'winners' from economic change such as highly skilled service workers (Rainnie 2004).

The second perspective about the appropriate goals for regional development strategies is a sustainable development thesis put forward by Bellamy et al (2003), Morgan (2004) and Eversole and Martin (2005). Bellamy et al (2003) and Lawrence (2005) argue the emerging trend in regional development is a shift to sustainable regional development, which is defined as making trade-offs between economic, social and environmental objectives at the local level. Sustainable regional development is defined by Morgan (2004) as a shift away from wealth creation and income toward balancing these economic goals with intrinsic quality of life issues such as health and nutrition within local communities. Morgan (2004) argues this shift is happening in Wales particularly around initiatives to address the wellbeing of children. Eversole and Martin (2005) identify similar drivers influencing change in regional development policy, which are: a shift from modernization to sustainability; and, from an economic view to a broader view of human wellbeing. Strategies that focus on goals of sustainable development do not face

the same risk of a narrow focus on particular industries or types of people as the knowledge economy thesis. They may lead to strategies that invest in a broad range of the regions assets, and result in more equitable forms of resource allocation. However, attention should be paid to the kinds of trade-offs that are made through these strategies, and the distributional outcomes that result from these actions (Pike et al 2006, Pike, Rodriguez-Pose & Tomaney 2007). Having identified that the resource allocation priorities of regional development is contested – in the following section I will evaluate the NR argument about a new model of regional development.

4.1.2 The emergence of a new model of regional governance

NR perspectives share a common interest in encouraging the participation of a broad range of actors in decision making about regional economic development. This shift constitutes the emergence of a new model of regional economic governance, which is labeled as the ‘Associational model’ by Cooke and Morgan (1998), an ‘Institutionalist perspective’ (Amin 1999), a ‘New Local Governance discourse’ by Reddel (2002), and ‘Associational governance’ by Smyth et al (2004). Amin (1999) identifies the following five principles of this institutional perspective on regional economic governance: strengthen networks of association (rather than individuals); encourage voice and negotiation (as opposed to procedural rationality); mobilise a plurality of organisations in governance (rather than just the state); support alliances between organisations; and, encourage local approaches (rather than one size fits all) (Amin 1999: 368). These principles permeate the broader NR literature where associational governance is variously described in practice as: inclusion of other partners outside government in decisions about resource allocation and services; devolving resources and decision making to a local level; governance through networks based on trust and negotiation; prioritising effort around learning and innovation and strengthening intermediary organisations; and, inclusion of environmental and social issues in regional development (Geenhuizen & Nijkamp 2000; Smyth et al 2004; Eversole & Martin 2005). The NR claims this new associational model marks a theoretical departure for regional governance and a new way of conceiving relationships between the state, market and civil society (Amin 1999; Reddel 2002; Smyth et al 2004).

Authors such as Amin (1999) and Cooke (2004) argue that these theoretical changes are increasingly influential in regional development practice. Amin (1999) identifies two broad strategies emerging: developing the supply base of regional innovation (e.g. skills and training); and, creating an institutional base for regional innovation (e.g. creating regional development agencies). Cooke and Morgan (1998), Cooke (2004), and Miles and Tully (2007) argue that these regional development organisations (RDO's) mobilise government and business organisations to promote regional innovation and better match skills formation with local labour demand. Alongside these changes to regional governance the NR argues the state is restructuring its funding regimes, for example pooled and regional funding allocations, to encourage and facilitate the work of RDO's and regional partnerships (Coulson & Ferrario 2007, Mawson 2007). Mawson (2007) argues that these structural and governance changes indicate the centrality of NR inspired reforms to the current United Kingdom Labour Government's broader social, economic and environmental policy agendas.

The NR is critiqued as tending to put forward universal arguments about changes in regional development whilst in practice change is more limited (Rainnie & Grant 2005). Beer et al (2003) undertake one of the few international comparative studies of regional development strategies, and find a range of strategies being implemented, rather than a universal shift toward one model. Beer et al (2003) define regional development as a collective endeavour to create and retain local wealth and employment. A typology is developed by Beer et al (2003) to identify the different ways this outcome is achieved: supply side (e.g. building infrastructure, developing skills), demand side (e.g. attracting tourists, urban design/ revitalization, creating export markets) and institutional (e.g. establishment of industry groups). This typology is applied to analyse local economic development in Australia, the United States and Northern Ireland. The main findings are: local economic development in Australia is at a much smaller scale in terms of resources; predominantly an economic focus; and, most important activities are marketing, promotion and advocacy, business development, strategic planning, and capacity building (whilst being low in terms of NR type activities such as cluster programs). Whilst Beer

et al (2003) recognize institutional strategies are becoming increasingly important, they are just one of many being deployed in local economic development that also includes: place marketing and promotion, lobbying for central government funding and flagship projects, direct subsidies to businesses, cluster programs, cultural and arts programs, and local purchasing initiatives (Beer et al 2003, Beer, Maude & Pritchard 2003). The research by Beer et al (2003) seems to support the argument that a shift toward a new model of regional development is limited. Having identified that the NR arguments about the shift to a new model of regional development may be limited in practice - in the following section I will evaluate the NR argument about the role of partnerships.

4.1.3 Partnerships and Collaborative Advantage

Proponents of the NR argue that partnerships with businesses, not-for-profit organisations and community-based organisations are an important part of the way in which governments address problems of spatially uneven development (Wheeler 2002; OECD 2004; Giguere & Considine 2008). These are 'regional' in that they are intended to plan and coordinate the allocation of resources in particular geographic areas that share common physical, cultural and economic characteristics (Eversole 2005). Authors such as Wheeler (2002) and Considine (2008) do not specify the association between these partnerships and the economic development of regions. Focus is placed on the degree to which these partnerships improve the management of regional development policy. Considine and Giguere (2008) argue that the key role of these partnerships is to bring actors together within a locality to undertake joint strategic planning and monitor the implementation of agreed actions. Wheeler (2002) and Considine (2008) argue that place based partnerships can help better manage a number of 'cross cutting' issues including natural resource management, education and training, liveability and land use planning, and health and nutrition. Partnerships have a strict coordinating role and their significance lies in their capacity to encourage policy innovation through collaboration (Burroni 2008, Considine & Giguere 2008). Ling (2002) and Apostolakis (2004) argue that these local partnerships build 'collaborative advantage' by creating a space to broker agreement between government, communities and local organisations to identify priorities, jointly plan actions, and marshal resources. This collaboration enables critical

self reflection and recognition of interdependence amongst actors therefore allowing localities to better adapt to rapid and uncertain change (Davidson & Lockwood 2007; Considine 2008).

These partnerships generally develop a plan that ensures a coordinated approach to achieving economic, social and environmental objectives within a geographic area (Hudson, Hardy, Henwood & Wistow 1999; Eversole and Martin 2005; Considine 2008). This plan includes a vision, medium and short term objectives backed by commitments in resources and some kind of monitoring framework for implementation (Carley, Chapman, Hastings, Kirk & Young 2000; Apostolakis 2004). The development of this plan is overseen by a board of management that includes local political and bureaucratic leaders, and representatives from the business sector and the broader community (Carley et al 2000; Wilkinson 2005). This board of management may establish smaller groups to oversee key areas of the work plan and establish work teams to undertake this work (Carley et al 2000; Wilkinson 2005, Maguire & Truscott 2006). Resources and ideas are marshaled through community engagement exercises, analysing local area data and deliberations amongst leaders within the board of management (Carley et al 2000; Ling 2002). Collaboration can be difficult for participating organisations and success factors for a partnership working include: history of successful partnership work; local political stability and leadership; flexibility in budgeting; shared understanding about the rationale for the partnership; and good interpersonal skills (Carley et al 2000; Maguire & Truscott 2006; Geddes, Davies & Crispian 2007; Pope & Lewis 2008).

Authors such as Bellamy et al (2003) and Smyth et al (2004) argue that partnerships are limited and there is disconnect between NR rhetoric about their role and the reality of changes to organisations, the distribution of powers of decision-making and resource allocation. In a UK context, Entwistle et al (2007), Geddes (2006), and Whitehead (2007) examine multiple case studies of partnerships and find that the state generally shapes their role through hierarchical mechanisms at the expense of interests within local communities. Beer et al (2003), Bellamy et al (2003), and Brown (2005) argue the limited role of regional development initiatives in Australia is a reflection of a historical

trend of lack of resources and political will to engage with regional development issues. Morgan (2004) identifies a similar lack of political and administrative will to persevere in a European Union (EU) context. The literature also identifies that this gap is caused by the rigid way governments organise and operate. Bellamy et al (2003), Smyth et al (2004), and Jones (2004) identify the following organisational barriers to developing integrated approaches for regional development in an Australian and EU context: lack of agency coordination (silo based management, disciplinary boundaries, jurisdictional issues); inability to devolve resources (centralised funding and accountability); poor methodology (service provider focus at expense of engagement and capacity building, imbalance of power between partners); and, inability to share and learn from best practice. Bellamy et al (2003) trace these barriers in Australia to the involvement of all three levels of government in regional economic development, which results in different approaches to funding, accountability, reporting at the local level. These findings indicate that partnerships may have a limited role in influencing regional economic change.

4.2 Partnerships and the Economic Development of Regions

In this section of the chapter I will examine the association between partnerships and the economic development of regions. This encompasses:

- Partnerships and Strategic Coupling
- Enhancing Collective Efficacy - Social Capital
- Regional Planning and Priority Setting – Political Capital

4.2.1 Partnerships and Strategic Coupling

The review of the NR conducted in the previous section indicates that the association between partnerships and the economic development of regions is at present unclear. The argument about collaborative advantage does not specify the mechanisms through which partnerships can influence processes of strategic coupling. In this section of the chapter I will develop a theoretical framework for understanding this relationship. As we saw in the previous chapter regional governance is defined as the ensemble of institutional actors that make decisions and allocate resources within a locality (Bellamy et al 2005). Coe et al (2004) identify these actors and organisations as constituting an ‘institutional structure’

and argues that this structure can facilitate processes of strategic coupling. Coe et al (2004) argue that this structure includes various organisations in a region – such as government agencies, labour organisations and business associations – that have an interest in regional development.

Coe et al (2004) argue that institutional structures can facilitate strategic coupling by promoting regional advantages and articulating them into global production networks. Furthermore, Coe et al (2004) argue that this outcome can be achieved through institutional structures that help create, enhance and capture value. Value creation is defined as the capacity for institutional actors in the region to attract, capture and embed investment from focal firms. This can be achieved through a variety of strategies including education and training that ensures the supply of an appropriately skilled workforce and promoting start up firms and entrepreneurship that can complement the activities of focal firms in the region (Coe et al 2004; Coe et al 2008). Value enhancement is about encouraging technological transfers and upgrading of products and processes that are associated with focal firms (Coe et al 2004). This can take the form of encouraging upgrading of existing firms (e.g. attracting people to the region with specialist skills), and encouraging specialist supplier firms to relocate to the region. Value capture is about maximizing the benefits in the region of investment from focal firms by retaining value in the region and distributing it equitably (Henderson et al 2002; Coe et al 2004). These additional benefits may include local procurement and firms contributing toward education and training. Coe et al (2004) argue that value creation, enhancement and capture enable the development of economies of scope and scale, which were identified in Chapter 2.

Coe et al (2004) do not specify how these institutional structures should be organised. Partnerships are likely to play a role in creating institutional structures to create, enhance and capture value. Articulating regional advantages is likely to require some form of cooperation amongst key institutional actors in the region such as government agencies, Local Councils, business associations and trade unions. Considine (2008) and Davidson and Lockwood (2007) identify similar planning and priority setting functions in their

studies of partnerships. Attracting resources and capturing value adding within a region may be dependent on some kind of coalition that can stabilize decision making and attract resources into a region. Stone (1989) and Stoker (2000) identify a similar role for growth coalitions made up of local civic and business leaders within cities. Value enhancement is likely to be dependent upon some form of cooperation between businesses, governments and educational organisations. Regional Innovation Systems are a similar concept which, as we saw in Chapter 2, is dependent upon networks between business, government and educational organisations. This seems to suggest that partnerships add value by encouraging collaboration and a shared understanding about regional advantages amongst institutional actors who have the resources and means to influence regional development. Collaboration and this shared understanding have a close association with the concepts of social and political capital, which I identified in Chapter 1 as assets that may contribute to regional development. In the following sub-sections I will discuss what type of value is produced through partnerships, and how these resources may be applied to create, enhance and capture value.

4.2.2 Enhancing Collective Efficacy

Collective efficacy is defined as the confidence that a diverse group of organisations and interests has to achieve common goals (Sampson, Morenoff & Earls 1999). Collective efficacy is similar to the concept of social capital, which is broadly defined as ‘a resource that facilitates cooperation within or between groups of people’ (Productivity Commission 2003: 10). Since the 1990s there has been growing literature and policy interest in the concept and benefits of social capital (Woolcock 1998; Atherly 2006). Collective efficacy is more appropriate for this study because it captures the ‘action potential’ of social capital rather than just the accumulation of a stock of social resources (Sampson et al 1999). Collective efficacy encompasses the social capital that creates the confidence for a diverse group of organisations and interests to come together and achieve common goals. Within regional development strategies this relates to social capital amongst key institutional actors like government agencies, business associations, trade unions and universities. I argue this shared confidence can provide a platform for value enhancement and capture – for example by encouraging information sharing, joint

ventures and innovation amongst firms. The key components of collective efficacy include social norms, networks and trust.

Social norms are the informal rules and conventions that underpin individual behaviour and human interaction in a given context. Across entire populations social norms can include 'honesty, law abidingness, the work ethic, respect to elders, tolerance and acceptance of diversity, and helping people in need' (Productivity Commission 2003: 9). Social norms are specific to particular times and places. However, a key concept across many social norms is that of reciprocity (Productivity Commission 2003). Reciprocity can be defined as a relationship of mutual advantage. Networks are made up of groups of people who are inter-connected through common feelings of identity and belonging. They usually share a common attribute such as participation in a sporting activity, neighbourhood, vocation or ethnicity (Productivity Commission 2003). Putnam (2000) argues that it is more likely that social norms will be learnt, exchanged and expanded through these associational ties. Two types of networks that are relevant for collective efficacy are: *bridging* – ties across similar groups such as where people live, clubs and voluntary associations; and, *linking* – relations with individuals and groups that have power and wealth such as business opportunities and to democratic institutions (Productivity Commission 2003). Trust is defined as the 'level of confidence that people have that others will act as they say or are expected to act, or that what they say is reliable' (Productivity Commission 2003, 11). There is disagreement as to whether trust is an element of social capital or an indicator of it. However, there is a relationship between trust, networks and reciprocity because it gives people the confidence to enter into relationships of mutual exchange.

Collective efficacy includes shared norms amongst actors, the quality and quantity of relationships between them, and the confidence they have in each other. The literature shows that there are positive associations between these indicators of social capital and the efficacy of public administration and democratic decision making (Productivity Commission 2003, 15). Proponents of the NR focus on the association between social capital and high rates of innovation within particular industrial districts (Morgan 1997;

Cooke & Morgan 1998; Boschma & Ter Wal 2007). Cooke, Clifton and Oleaga (2005) also find a positive association between innovative firms and their amount of collaboration, information exchange and involvement in higher trust relationships. Social capital could contribute to value enhancement and capture – for example by encouraging innovation amongst small and medium sized enterprises and strengthening their relationships to focal firms. Key mechanisms that may link social capital to improved decision making and economic innovation include networks that facilitate the spread of knowledge, promote cooperative behaviour and reduce transaction costs (Productivity Commission 2003). Indicators of collective efficacy would include associational networks amongst institutional actors, shared beliefs about the history of the region and its future development, and trust in others. Key techniques to build this social capital amongst institutional actors may be the formation of decision making boards, regular meetings, planning workshops, and the hosting of conferences and events. Collective efficacy is a concept that focuses upon collaboration between social actors. Research that uses this concept would also need to consider the forms of power that were reviewed in Chapter 3, and how these networks can also exclude and reinforce asymmetries in power (Hadjimichalis & Hudson 2006). Having defined collective efficacy and its likely relationship to strategic coupling – in the following section I will examine how partnerships form political capital.

4.2.3 Building Political Capital

Carley et al (2002), Wilkinson (2005), and Considine (2008) identify planning and priority setting as the key role for partnerships. Planning and priority setting is defined as the ability for institutional actors to agree on a vision for the region and mobilise resources to achieve these objectives. This has a close association with political capital, which is defined as a resource that gives communities the capacity to articulate a shared interest and to influence decision making (Turner 1999; Haines & Green 2008). Collective efficacy gives the confidence that diverse organisations and interests can work together, and is an important pre-condition for planning and priority setting. Political capital encompasses the processes that lead to the articulation of a shared interest, and how this resource is applied to make claims on resources. Within community

development strategies Turner defines political capital as the ability for neighbourhood based organisations to ‘negotiate, set the terms of that negotiation, define what the neighbourhood will look like, and control resources that affect the ability for [that] place to become a productive economic and social location’ (Turner 1999, 16). Political capital can assist disadvantaged places to influence policies about their neighbourhood, and therefore what kinds of resources and strategies are needed from government to redevelop it (Turner 1999). In the context of regional development strategies, I argue that political capital is likely to be associated with value creation because it increases the capacity of institutional actors to attract resources from the State and GPN.

Political capital has close alignment with the discussion about centered and relational forms of power that we saw in the previous chapter. Haines and Green (2008) argue that there are two dimensions to political capital. Instrumental political capital constitutes resources ‘that actors can use to influence policies in their own interest’ (197). As we saw in the previous chapter access to material resources is an important factor shaping this capacity to influence. Stone (1989) and Stoker (2000) argue that urban governance is dependent upon alliances between government and local business interests. These alliances tend to exclude other social interests and perspectives from decision making. Relational perspectives on power also draw attention to associational ties and shared language and ideas to this capacity to influence (Seddon, Billet & Clemans 2005). In this sense inter-personal relationships with decision makers and the ability to communicate effectively with them are forms of political capital. The other element to political capital is structural and includes the ‘attributes of the political system that shape participation in decision making’ (Green & Haines 2008, 197). This is similar to the concept of meta-governance developed by Jessop (1997) and Whitehead (2007). As we saw in the previous chapter, authors such as Reddel (2002) and Morgan (2004) argue that governments are pursuing strategies of devolution and democratisation to create opportunities for social actors to participate in decision making. Mechanisms such as performance objectives, budgeting procedures and contracts are used by the State to control the terms of this participation (Painter 2002, Bache and Flinders 2004). Based on this existing research, political capital is likely to be shaped by civic and business leaders

within the region, and the structural constraints placed by the State and actors within GPN.

Political capital is a resource that should give regional communities the capacity to articulate a shared interest and to influence decision making. The literature shows that political capital is likely to reside amongst civic and business elites who will define their own version of the regional interest (Stone 1989; Harvey 2001; Hudson 2007). This political consensus then shapes how the state invests within particular regions, and the kinds of resources that are attracted from the market (Stone 1989; Green & Haines 2008). This analysis shows that political capital may be associated with value creation because it gives institutional actors the capacity to articulate regional advantages into GPNs. A key indicator of this political capital will be a regional plan that sets out medium term priorities, actions to achieve them, and key measures of improvement. There should also be evidence that this plan has been used as a means to attract resources into the region from GPN and the State. This may take the form of trade missions to other countries to promote the region as an investment destination or using this regional plan to lobby and access funding from the State. Carley et al (2000) and Apostolakis (2004) argue that successful regional planning is dependent upon decision making processes that are inclusive of a broad range of institutional actors in the region. This ensures that all interests in a region have voice and contribute to solving problems. Techniques to develop regional plans that can achieve this benchmark include inclusive leadership from local civic leaders, forming project groups to focus on specific issues, running community forums, and marshalling local area data about needs and opportunities (Carley et al 2000; Russell 2001; Wilkinson 2005). Having defined political capital and its likely relationship to processes of strategic coupling – in the following section I will conclude this chapter.

4.3 Conclusion

In this chapter I have examined what type of value is generated by partnerships, and how this resource is associated with the economic development of regions. This has encompassed:

- Associational Governance
- Partnerships and the Economic Development of Regions.

I will now conclude the chapter on each of these points and identify a subsidiary research question and heuristic device to guide my empirical inquiry.

Associational Governance describes the NR argument that a new model of governing regional development is emerging which is based upon participation, collaboration, trust and negotiation. This new model is organised through partnerships between government, business and community organisations. Florida (2002) and Cooke (2007) focus on how these partnerships can help regions construct advantage and build a knowledge-based economy. Other authors such as Morgan (2004) and Eversole and Martin (2005) argue that partnerships are central to strategies that promote sustainable development and broader definitions of health and well-being. Beer et al (2003) question the emergence of this new model and argue for a more nuanced view of policy change within regional development strategies. There is agreement that partnerships give regions collaborative advantage, help solve complex policy problems and increase the likelihood that regions can adapt to rapid change (Wheeler 2002; Davidson & Lockwood 2007). These partnerships generally convene a board of management that develops a plan and mobilizes resources to deliver it. Success factors include local leadership, budgetary flexibility, experience at partnership working, and high quality inter-personal skills. Authors such as Bellamy et al (2003) and Smyth et al (2004) argue that partnerships are limited and the State still controls which interventions are selected and how resources are allocated. These positive and negative views will need to be taken into account in analysing the role of partnerships.

In this chapter I examined the association between partnerships and the economic development of regions. Existing literature about partnerships within the NR do not specify the details of this relationship. Coe et al (2004) argue that institutional structures can facilitate strategic coupling through creating, enhancing and capturing value. These strategies enable regions to develop economies of scale and scope, which as we saw in

Chapter 1 is about creating internationally competitive and innovative industries. Partnerships may have a role in mobilizing the resources to create, enhance and capture value. The effectiveness of these strategies depends upon cooperation between institutional actors – *enhancing collective efficacy* - and the ability for them to articulate a shared interest about regional development – *building political capital*. Collaboration and this shared understanding have a close association with the concepts of social and political capital, which I identified in Chapter 1 as assets that may contribute to regional development. This seems to suggest that partnerships add value by creating the confidence for institutional collaboration and developing a shared understanding about regional advantages amongst actors who have the resources and means to influence regional development. These resources can then be applied to attract resources into the region, and to use existing assets more efficiently and equitably. My subsidiary research question to guide this analysis is:

What type of value is generated by partnerships, and how is this resource associated with the economic development of regions?

I have developed the following heuristic device to test the theoretical framework that I have developed in this chapter:

- Partnerships enhance collective efficacy by building networks, shared beliefs about economic development and trust, and this resource will give institutional actors the confidence to work together.
- This collective efficacy is built through a range of formal (e.g. organisational structures such as committees) and informal (e.g. meetings and events) techniques
- Partnerships generate political capital by developing a regional plan that sets out medium term priorities, actions to achieve them, and key measures of improvement which can form a platform to create and capture public and private resources.
- The involvement of key leaders in the region, supporting evidence, and stakeholder engagement will be critical techniques in the formation of political capital and attracting these resources.

- Collective efficacy and political capital will be applied through partnerships to create, enhance and capture value.

I will apply these assumptions to guide my empirical analysis. In the following chapter I set out my methodology to undertake this inquiry.

5 METHODOLOGY

5.0 Introduction

The purpose of this chapter is to establish the rationale for the methods chosen and to outline what procedures were followed to undertake my empirical analysis. This will be set out so another researcher can learn about my approach and potentially adapt this methodology for future studies about regional partnerships. The chapter begins with a discussion of the philosophical foundations of this research, which underpin my theoretical approach and shapes the selection of research methods. The rationale for selecting a case study methodology and the sources of data are then presented. Finally the chapter concludes with the analytical approach and methodological steps that were used to interpret and analyse this data and answer the key research question.

5.1 Foundations of the Research Design

The aim of this study is to investigate whether partnerships promote regional economic development and if so, who shapes this role. Qualitative research methods have been chosen because the researcher can access these complex organisational and intra-organisational processes and understand how people construct their own understandings of working in partnerships. Qualitative research means studying things in their natural setting, producing a series of representations about these realities and interpreting them in terms of the meaning that people bring to them (Denzin & Lincoln 2003). The researcher therefore focuses on the ‘qualities’ of entities – describing and explaining processes and meanings rather than seeking to measure them in terms of quantity, amount and intensity. Qualitative research is multi-method and recognizes that research is filtered by ‘lenses of language, gender, social class, race, and ethnicity’ (Denzin & Lincoln 2003, 29). Researchers aim for in depth understandings, which can be grasped through strategies such as triangulation and using multiple research methods. The philosophical basis for this qualitative research strategy is outlined below.

5.1.1 Ontological considerations concerning partnerships

Ontology is the branch of philosophy concerned with understanding the nature of the kinds of things which exist in the world and particularly what are presupposed by different theoretical approaches. Studies about the role of partnerships in regional development predominantly use qualitative methodologies that are grounded in both realist and post-structural ontologies. Realist ontologies assume there are things independent of our descriptions and understandings of the world which exert causal powers on social outcomes. These things may be forces, sets of relations, and mechanisms (Potter & Lopez 2001, 11). This ontology challenges positivism which argues that true knowledge is produced through testing hypotheses which explains observable phenomena, and can predict future outcomes. The use of positivist ontology has not been selected for this research because the phenomena in question are multi-causal and the researcher is unable to determine and therefore test dependent and independent variables. An example of a study about partnerships that applies realist ontology is Entwistle et al (2007) who develop a theoretical framework to test modes of coordination within partnership arrangements. In doing so Entwistle et al (2007) assume there are certain mechanisms that are independent of actors and shape how partnerships work. Hierarchy, market and network are identified as ideal types and then a pattern matching technique is applied to examine whether dysfunctions associated with each of these modes are apparent within 8 partnerships in the UK. This ontology supports my theoretical approach of identifying some pre-determined categories – such as GPN, the State, and strategic coupling – which may shape the role of partnerships in regional economic development.

Over the past three decades postmodern and post-structural perspectives have also critiqued positivist approaches to research and they have also begun to influence the study of partnerships (Painter 2002; Smith, Mathur & Skelcher 2006). This perspective rests on a Relativist Ontology that argues there are multiple ways of explaining reality, the discovery of facts rests on interpretation and therefore is value laden (Fischer 2003; Denzin & Lincoln 2003). Smith et al (2006) apply this approach to examine how shared meanings and values about the partnership board and the role of the chairperson are constructed. Smith et al (2006) find these meanings are important because they frame the

choices available to actors and reinforce power relations. This perspective also supports my theoretical approach because it allows me to focus on the norms that enable actors to generate the confidence to work together and articulate a shared interest. Postmodern and post-structural critiques are also drawn upon to strengthen this research methodology because they recognise the uncertain, provisional and multi-causal nature of observable phenomena. This perspective fits with my professional experiences of working in public policy and in place based partnerships.

Postmodern and post-structuralist approaches have been critiqued from the perspective of critical realism because they have a 'flat ontology' that makes it difficult to make statements about cause and effect and to examine the hierarchical nature of social relations (McLeod & Jones 2007). This weakness needs to be addressed because this thesis will examine who is influencing the work of partnerships and needs to account for the hierarchical nature of social relations. From a post-structural perspective 'reality' is ultimately chaotic, fluid and uncertain – people co-exist in relations of force that are the basis of human existence (Hindess 1998). We as thinking subjects assemble order from these relations – but this is always a provisional and uncertain order. This assemblage has no natural or underlying logic or tendency and throughout history there are multiple ways that individuals, groups and societies have sought to understand and organize social relations and our relationship to the physical world. However, as already outlined, the weakness of this approach is that it can lead the researcher down a path where it becomes difficult to make statements about the structural arrangements that shape social reality. A way to resolve this problem is to recognise that over time the way that people organise their realities creates structures, tendencies and forces that constrain and shape us as thinking subjects. In taking this position the researcher has drawn on Giddens's idea of structuration (Evans 1988). Giddens (1984) argues that social outcomes are produced through the interaction of structure (defined as rules and resources) and agency (intentional motivations of individuals and groups). Social reality is a dynamic process shaped by this interaction. Researchers can acquire valid knowledge by explaining the inter connections between structures, and the meaningful interpretation that people have of their own actions.

The interaction between structure and agency is mediated through different forms of discourse. Discourse is defined as an ensemble of ideas and categories that give meaning to social and physical realities (Fischer 2003; Hajer & Versteeg 2005). Discourse reveals itself in language, which makes things sayable and visible. However, discourse does not end with just the spoken word. The production of language is also tied to how we act, and drawing from Giddens (1984), its production is dependent on rules and resources. Discourse enables people to organize things in ways that makes them productive, to exert force over others, and shape how we understand the world. The world is constituted by multiple and competing discourses. The key role for a researcher is to identify particular formations of discourse, and identify what things (rules and resources) are causing these outcomes. Discourses are dependent on rules that make them repeatable and acceptable as foundations for truth and action. These rules combine concepts and ideas that relate to various forms of expertise across the human sciences for example political economy, epidemiology, and psychiatry. They are also dependent upon material interests and the points of authority which legitimate them (schools, universities, government departments, business associations etc.) – these material interests and points of authority constitute ‘resources’. This ontological approach enables this thesis to combine a focus on the reproduction of discourses about the role of partnerships in promoting regional development together with the structural preconditions (forms of power) that make them possible. Having set out this realist ontology that provides a foundation for this research I will now discuss the theory of knowledge that was applied.

5.1.2 Constructivist Epistemology

Epistemology is the branch of philosophy concerned with how we can know the world. In this thesis I have drawn upon a constructivist epistemology that recognizes the researcher constructs their own understanding of reality. Constructivism is consistent with the ontological considerations outlined in the previous section and sits in contrast to positivist epistemology. As set out, Positivism is based on a view that social reality is governed by laws of cause and effect. These laws can be discovered through careful observation of patterns and regularities, and generating laws which explain these observations. This

assumes that the researcher is objective and can observe reality in an unbiased manner to produce valid scientific knowledge through the application of the correct scientific procedures. If we can explain how things happen, then we can predict future outcomes, and exert greater control over our existence. In the field of public policy this has been driven by the goal of generating a series of laws capable of explaining socio-economic problems and policy interventions to resolve them (Fischer 2003a). This assumption has been critiqued by showing how research topics, questions, hypothesis and methodological choices can be biased through class, gender, sexual orientation and ethnicity (Denzin & Lincoln 2003).

Postmodern and post-structural approaches are critical of the idea that there are laws independent of human understanding and experience that govern our behaviour. They argue that relations are contingent, outcomes don't happen necessarily, and human agency is dependent upon our own specific interpretations and understandings. In this sense knowledge is not something out there to be discovered and acquired - but researchers actively produce and construct it. This has been termed the 'argumentative turn' in public policy and management – the focus on how the policy process is a contest of rival meanings and values (Fischer 2003a). These approaches challenge the objectivity of science and the capacity of the researcher to make statements about cause and effect - instead knowledge is socially constructed, contingent and situated.

Critical realism attempts to overcome this relativist challenge by combining ontological realism with a constructivist epistemology (Smith & Deemer 2003). Critical realism recognizes the messy and uncertain nature of reality. However, it does not reject the possibility of producing valid scientific knowledge. Valid knowledge is possible by applying theoretical frameworks to empirically test cause and effect. Researchers can choose between competing explanations of social reality (Potter & Lopez 2006, 14). This research has drawn from critical realism in arguing that particular patterns of language and meaning that are produced by actors occur through the interaction of structure and agency - and are therefore reliant upon rules and resources that exist beyond the direct experiences and understandings of individuals and groups. These actors include

individuals and the social groups and organisations they are embedded in. The theoretical framework of this thesis defines these organisations and interests as belonging to structural categories such as capital, labour, the state and civil society. These structural categories enable individuals and groups to deploy resources such as money, capital and the legitimate authority of the state through relationships and alliances to exercise their agency, and constrain others.

A constructivist epistemology argues that both theory and reality are constructed by the researcher. To overcome this uncertainty about the 'legitimate status' of knowledge the researcher needs to be clear about two points: first, the ethical motivations and implications of the research; and, second clarity about the assumptions brought to bear, the judgments made in organising research, and the criteria (practical and ethical) used to assemble the knowledge we acquire (Smith & Deemer 2003). These points are discussed and incorporated as part of this research methodology and as we saw in the preface have already been set out in detail. This section has identified that critical realism provides an appropriate philosophical foundation to examine how partnerships promote regional development and who influences this role. In the following section of the chapter I will outline why a case study methodology was chosen to answer the key research question.

5.2 Analytical approach: Case Study

The unit of analysis is the arguments used by actors to shape the role of partnerships in promoting regional development. These processes are complex encompassing multiple organisational dynamics and the analysis will have to provide a sufficient overview of this complexity. The analysis will focus on the contemporary role of partnerships in regional development and is not an historical exploration. To cover this complexity and the many variables involved this thesis will utilise a case study methodology. The selection of case studies has been determined using the following criteria:

- a region of recognised industrial restructuring and disadvantage;
- a distinct partnership with an economic development focus; which,
- plays an active role in planning and coordinating the delivering of regional initiatives.

These criteria were chosen because they matched arguments of the NR perspective, which as we saw in Chapter 2 has been used as an entry point to begin the literature review for this thesis. The NR arose in a UK and European Union context, and through the researchers professional experience in government had observed its influence on policy settings in Australia (Cooke & Morgan 1998, Rainnie & Grant 2005). Therefore a comparative study between the UK and Australia was chosen for this PhD. The timescale of each case study is limited by the establishment of these partnerships to the time when the interviews were completed in early 2008.

Two case studies have been chosen for this study. The Cradle Coast Authority (CCA) based in Tasmania's North-West and Western Region in Australia, and the East Midlands Development Agency (EMDA) and one of its sub-regional partnerships – the Leicestershire Economic Partnership (LSEP) – in the United Kingdom. These cases were chosen because they met the criteria identified above and the researcher knew people who already had established relationships with these organisations. Having identified the rationale for selecting a case study methodology the chapter will now outline the case study methods – the sources of data and how that data was analysed to answer the research questions.

5.3 Data sources

This research project utilised two main sources of data: interviews and documents. Each have their own strengths and weaknesses and the selection of these two methods was designed to strengthen the analysis by verifying findings across multiple data sources, which is consistent with the triangulation strategies outlined by Yin (2003).

5.3.1 Interviews

The primary source of data for this research was semi structured interviews. Interviews generally have two strengths as a research method: first by providing insights into someone's experiences where researchers could not otherwise go and, secondly the interview process increases a researcher's insight into how an individual perceives and

interprets social reality (Zolner, Ramussen & Hansen 2007). Interviews were selected as a key source of evidence because they allowed me to target questions to specific lines of inquiry and access the experiences, understandings and interpretations of people working in these partnerships. Fontana and Fray (2003), Yin (2003) and Denzin and Lincoln (2008) argue that interview designs need to be flexible, questions that ask respondents to elaborate on ‘how’ can help me to understanding ‘why’ particular outcomes or processes occurred, and they should be piloted with comparable subjects prior to the field work.

The interview design was developed from the findings of the literature review. The key themes of this interview design reflect my subsidiary questions and key propositions informing this study. The interviews were also been constructed in a way that gave the opportunity for interviewees to tell a story about their involvement with the partnership and how it has evolved over time. This approach was based on my experience of working in partnerships and I thought it would be a good way for interviewees to open up and reflect upon their experiences. I began with the origins of the partnership, how it developed a plan and set priorities, and relationships with institutional actors in the region. I then developed specific interview questions that allowed me to explore the key propositions that I identified in the literature review that are associated with each subsidiary research question. The interview design I developed for the East Midlands case study is at [Appendix 1](#). Two versions of the interview design were developed. One version was for people working in the internal work team for the partnership (e.g. the partnership manager), and the other for representatives of organisations who were a party to the partnership arrangement (e.g. the Local Council). The questions posed in each interview were similar – but from a different perspective. An example of this difference is outlined in the following table (Table 3).

Table 3: Example of differences between the two versions of the Interview design

Regional Leader	Partnership Worker
Which organisations are important in terms of your work with the [title of the	How have you gone about identifying business and community leaders to work

<p>partnership]? (external)</p> <p><i>Prompters:</i></p> <ul style="list-style-type: none"> • <i>Who do you have regular contact with through your work with the [partnership]?</i> • <i>Are there business and community organisations in the region you feel should be more involved in the [partnership]? (relate to the specific governance group you are interested in e.g. board of directors)</i> • <i>How are decisions made about whose involved in governance of the [partnership]?</i> 	<p>with the [title of the partnership]?</p> <p><i>Prompters:</i></p> <ul style="list-style-type: none"> • <i>Who makes decisions about this involvement? / How are these decisions made?</i> • <i>Who's your main advocate or champion?</i> • <i>How has business been involved with work of the [partnership], what do you see as the benefits for them?</i> • <i>Are there other organisations out there that need to be more involved?</i>
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Each interview was recorded and fully transcribed.

5.3.2 Documents

Documentary analysis has a range of benefits including corroborating information from my interviews, they are stable and can be reviewed repeatedly or in sequence, and they can broaden my coverage of analysis by including other individuals and organisations that participate in partnerships (Yin 2003). They can include written evidence relating to the partnership including letters, agendas and meeting minutes, and newspaper reports. The selection of documents was based on a review of available literature about the case study partnerships (e.g. through internet sites), and each interviewee was given the opportunity to identify any significant documents that the researcher should follow up on. The analysis of documentation is an important ‘triangulation’ strategy – enabling the researcher to corroborate or contradict findings that emerge through the interviews (Yin 2003). Key documents were interpreted and understood in terms of the contexts of their

production (how they were prepared, by whom, and for what purpose) and reading (the relevant theories that are being applied to interpret them) (Hodder 2003).

5.4 Interpretation and analysis

The focus of my research was on how institutional actors (individuals, communities and organisations) influence the role of partnerships in regional development strategies. This research required an ‘analytical tool box’ to interpret my data and understand how these actors influenced the role of partnerships in regional development strategies.

5.4.1 Discourse analysis

My analysis of the data focused on examining discourses that were reproduced by actors involved in regional partnerships. Discourse analysis is a methodological approach that has become influential in public policy and more specifically in the analysis of partnerships (Fischer 2003 & 2003a; Skelcher et al 2005; Smith et al 2006). Focus should be placed on interpreting the social meanings that different policy actors have of policy concepts and ideas. This interpretive process can help understand the various discourses that frame deliberation about public policy. However, Fischer (2003 & 2003a) does not discuss the specific procedures or steps to operationalise discourse analysis as a research strategy. Yanow (2000) sets out four methodological steps to undertake this interpretive policy analysis:

1. Identify the artifacts (forms of language, objects, acts) that are significant carriers of meaning for a given policy issue, as perceived by policy-relevant actors and interpretive communities – e.g. policy decision makers, professional experts, academic specialists, policy entrepreneurs, journalists etc
2. Identify the communities of meaning/interpretation/speech/practice that are relevant to the policy issue under analysis
3. Identify the relevant discourses and their specific meanings being communicated through specific artifacts and their entailments
4. Identify the points of conflict and their conceptual sources (affective, cognitive and/ or moral) that reflect different interpretations by different communities.

Policy discourse analysis draws from post-structural perspectives and Michel Foucault's later work on government (Fischer 2003; Gottweis 2003). Foucault developed the methodological strategy of archaeology to examine the conditions under which discourses are reproduced (Foucault 1972). Kendell and Wickham (1999) argue that the methodological strategy of archaeology should attempt at least six things:

1. Describe the relationships between statements and things, and how these relations are bounded through techniques such as instructions, plans, contracts, and agreements.
2. Analyse the relationships of dependency between one statement and other statements, map out how statements are ordered and connected.
3. Formulate rules for the repeatability of statements – e.g. procedures used by those in authority to say those things, to make them true, what things are not said or discredited as a result and provide the foundation for producing this truth
4. Analyse the positions which are established between subjects in regard to statements e.g. how statements produce subject positions, thinking subjects, so mapping out 'parochial', 'expert' etc.
5. Describe 'surfaces of emergence' – places within which objects are designated and acted upon and the 'institutions', which acquire authority and provide limits within which discursive objects may act or exist
6. Describe 'forms of specification', which refer to the ways in which discursive objects are targeted. A 'forms of specification' is a system for understanding particular phenomena with the aim of relating it to other phenomena. E.g. how things can be acted upon through expertise, the vocabulary and concepts that allow this such as cause and effect, market failure etc.

These approaches to discourse analysis are broadly consistent however they can underplay the significance that resources can play in shaping social outcomes. As outlined, this thesis also incorporates a critical understanding of the state and economy to identify these points of authority and social interests. These include the role of public managers, unions, environmental groups, sporting and voluntary associations, and different sectors of capital in explaining the influence of particular forms of discourse.

Based on this approach my analysis focused on identifying patterns of discourse that were reproduced by actors to shape how partnerships promote regional development. These ‘discursive formations’ were defined as connected practices and techniques (e.g. use of language and rhetoric, images and advertising, performance management and auditing) that were exerted by mobilizing resources (authority, material interests, networks). Having set out the approach of discourse analysis the chapter will now discuss the analytical approach that was deployed to interpret the data and draw conclusions about the key research question.

5.4.2 Analytical approach to conduct the discourse analysis

Yin (2003) argues that case study methodologies need to be guided by a specific analytical strategy and three possible strategies are identified: relying on theoretical propositions, rival explanations, and developing a thematic based case description (109 – 115). These strategies shape how data will be analysed and provide the basis for reporting on the case study and drawing conclusions about research questions. The researcher has chosen to rely upon theoretical propositions as a strategy to analyse the data. This strategy has been chosen because of the propositions that emerged at conclusion of each chapter in the literature review for each of the subsidiary research questions.

Yin (2003) argues that these strategies can be operationalised using the following five analytical techniques: pattern matching, explanation building, time-series analysis, logic models, and cross-case synthesis. Cross-case synthesis involves comparing and contrasting multiple case studies within a single case study report – this technique is not suitable because the researcher intends to draw conclusions on each case individually – before discussing the findings of both cases on this basis. Logic models and time-series analysis involve testing models that specify the hypothesized relationships between dependent and independent variables. The processes involved in how actors work through partnerships to construct the regions interest, are complex and multi- causal – for these reasons detailed modeling was not considered as a suitable analytical technique. Pattern matching and explanation building share the common focus on testing an empirical based pattern against a predicted one (Yin 2003, 120). Pattern matching enables the researcher

to specify a number of pre-determined categories, which as we saw emerged through the literature review. This technique is also consistent with the 'Policy Discourse Analysis' approach outlined in Section 5.6.1 of this chapter. Yanow (2003) and Fischer (2003) argue that this approach begins by identifying the linguistic regularities that enable policy actors to construct arguments about policy problems and solution, and then interpreting these patterns in relation to explanatory theories. The pattern matching technique gave me a framework to analyse the data, and examine the association between the data and pre-determined categories. The steps that I undertook to operationalise this analytical approach, in each of the case studies is outlined below.

5.6.3 Methodological steps

Step 1 – Establishing my theoretical propositions

Step 1 involved identifying the pre-determined categories about the role of partnerships in promoting regional economic development and who shapes this agency. The output of this step was a number of propositions about the role of partnerships that can be used to test the empirical data. This step was developed in each chapter of my literature review. For each of these propositions I generated a number of key words related to it. For example in relation to collective efficacy were: Networks, relationships, leaders, trust, decision makers, information, confidence, collaboration, social capital, partnership. A full list of these key words in relation to the pre-determined categories is at [Appendix 2](#).

Step 2 – Thematic analysis

Step 2 involved a thematic search of the interview transcripts and key documents related to each partnership using the pre-determined categories and key words established in Step 1. A search for the key words was undertaken by scanning each of the interview transcripts and key documents using a word search function on Microsoft Word or Adobe. The word search was used to identify statements in the data related to the pre-determined categories. The definition of statements (linguistic patterns that constitute arguments with premises, logic and conclusions) is drawn from Fischer (2003). These statements were then placed in a matrix: one axis identifying themes, the other axis which

actors are communicating them. The output of this methodological step was a table that identified statements made by each actor in relation to the pre-determined categories for the three subsidiary research questions. An example of this matrix is at [Appendix 3](#).

Step 3 – Identifying discursive formations

In Step 3 I applied the principles and guidelines of discourse analysis to identify the shared and excluded arguments that shape how partnerships promote regional development and who influences this role. This step allowed me to move from the identification of themes undertaken in Step 2 to examining how these themes constitute broader policy arguments or discursive formations.

Yanow (2000) identifies that the first step in a discourse analysis should be identifying the significant carriers of meaning whilst Kendell and Wickham (1999) argue that attention should be paid to how statements are ordered. To determine hierarchy and the relative importance of these statements I first determined how often they were stated by different actors. I then examined how these statements were inter-connected to create arguments that answered each of the subsidiary research questions. The nature of these connections were determined by matching statements against the pre-determined categories drawn from the literature review (e.g. testing whether statements made about changes in the local manufacturing businesses match with arguments in the literature about globalisation and industrial restructuring). This was consistent with the steps outlined by Kendell and Wickham (1999) in terms of analysing how statements are connected and operationalised. Fischer (2000), Sharp and Richardson (2001) and Yanow (2003) draw attention to the contested and sometimes contradictory nature of policy discourses. The nature of relationships between statements were also analysed in terms of exclusion, resistance, contradiction and criticism (e.g. contradictory arguments about the role of government in supporting local industries). In summary this methodological step involved analysing the inter-relationships between statements in terms of:

- Order (their hierarchy/ relative importance)
- Dependency (between statements, and the nature of this interdependency)
- Contestation (resistance, exclusion and contradiction)

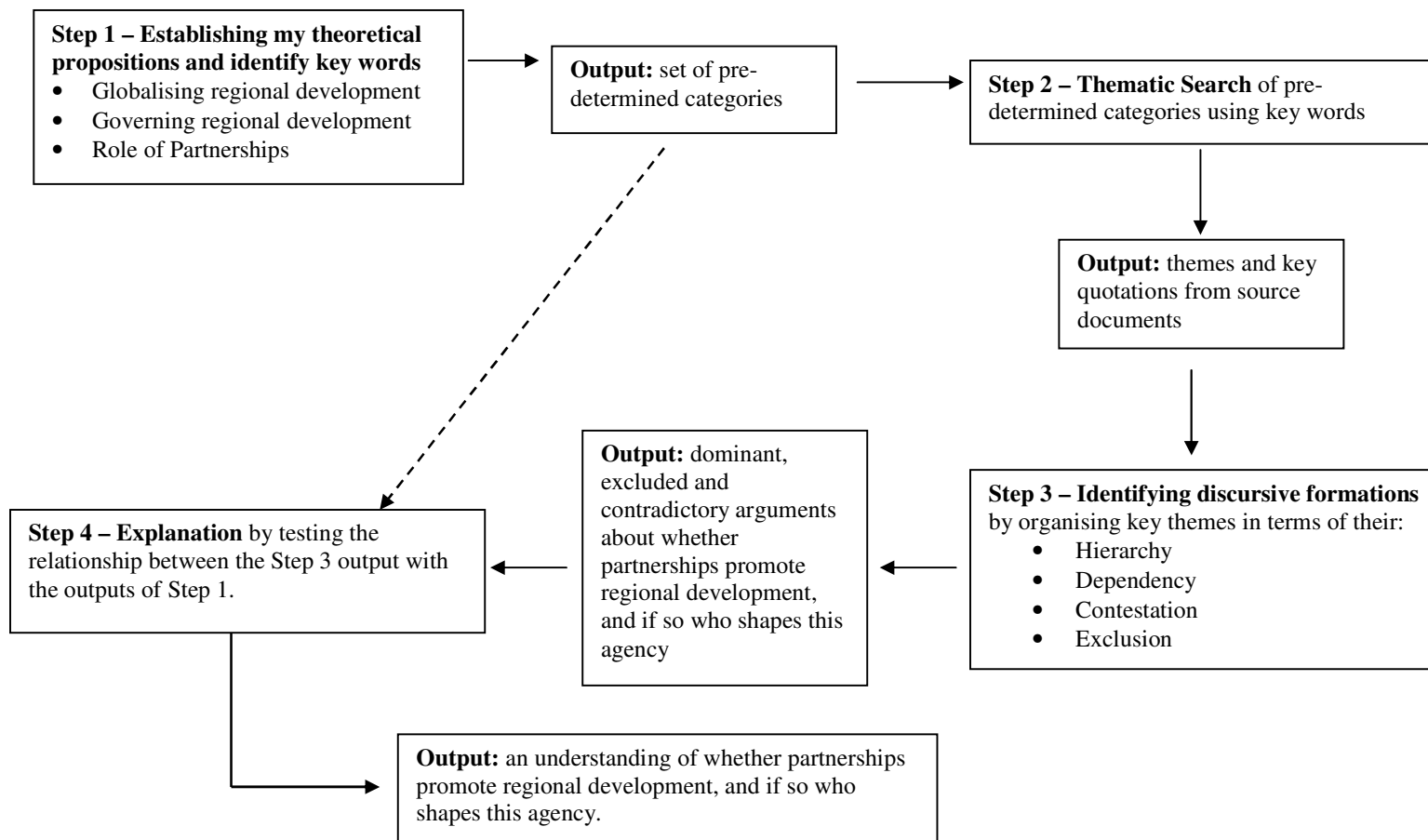
- Disconnection and exclusion (how statements are discredited or marginalised)

The output of Step 3 was a set of dominant, excluded and contradictory arguments that actors are making about how the partnership promote regional development and who influences this role.

Step 4 – Explanation

The objective of Step 4 is to analyse these arguments in relation to the propositions I set out in Step 1. Step 1 of this methodology identified a number of propositions that can be used to test the patterns emerging in the empirical data. For example, I tested the arguments and actions of public managers against the proposition that their interest lies in maintaining control over decision making authority, fiscal autonomy, and lines of accountability. This step helped me to ensure there was integration between the theory and the data. The output of this process was a theoretically informed understanding of how partnerships promote regional development, and who influences this role. A summary of these methodological steps is set out at [Figure 1](#)

Figure 1: Methodological Steps – Flow Chart



6 FIELD WORK

6.0 Introduction

The purpose of this chapter is to discuss the events and issues that occurred whilst I undertook the research project, and what I learnt from these experiences. During my field work I kept a diary of my experiences and reflections. This allowed me to keep a written record of how I undertook the research that I drew on for this chapter. These lessons are important because they have contributed to my findings, and also demonstrate the development of my research skills. In the first part of the chapter I discuss my experiences from the field work in Tasmania. I explain how I recruited participants and undertook the field work – including what I learnt from this process – and how I used this experienced to improve my theoretical perspective and methodology. In the second part of the chapter I provide similar information on my UK case study.

6.1 Cradle Coast Case Study

In this sub-section of the chapter I will outline how I undertook my field work for the case study in Tasmania's North-West and Western Region. This encompasses:

- Rationale for case study selection
- Recruiting participants
- Testing the Interview Design
- Conducting the Field work
- Changes to the Interview Design.

6.1.1 Rationale for case study selection

I selected the CCA as a case study because I had personal contacts with the organisation and it matched the criteria that I established in my methodology. One of my former Managers in the Victorian Public Service was from Tasmania and had worked with the CCA through his role at a regional university. I spoke to this former manager about my research project and he suggested that I look at the CCA and if I was keen he could introduce me to key people who worked there. I reviewed the Authority's website which

provided some basic information about the organisation. I found the Authority's Annual Plans and a regional profile it had commissioned from the Australian Bureau of Statistics as useful sources of information. This evidence helped me form the view that the CCA would be an appropriate case study of a regional partnership. The CCA is a partnership body that coordinates decisions about economic development in Tasmania's North-West and Western Region.

6.1.2 Recruiting Participants

As we saw in the methods chapter my thesis has two sources of evidence: interviews and documents. I achieved ethics approval for my research in August 2007, which established an agreed process to recruit participants for each case study. This began with a letter of introduction to the Chief Executive Officer of the CCA, which set out the aims and rationale of the project and my objective to interview 12 – 15 key people involved with the organisation ([Appendix 4](#)). I attached an explanatory statement, which included more detail about the research project and was based on a standard template used by Monash University. I also sent these documents via email and included my phone contact details. The Chief Executive of the CCA contacted me via phone and mentioned he had spoken to my former manager about the research project. In this phone conversation I indicated that I would like to interview a cross section of people who worked within the CCA, and were involved in its governance. A list of potential participants was compiled by the CCA along these lines, who then forwarded my contact details to these employees. I received 12 positive responses to this request for interviews and the number and mix of participants met my target range. I organised to undertake the field work in February 2008.

6.1.3 Testing the Interview Design

I drew on my government contacts to pilot the interview design. My previous full time role in Government had been managing a regional area for DVC. I had worked closely with an Area Consultative Committee and a Community Renewal Program with a Local Council, which both matched the criteria in my literature review as place-based partnerships. I also planned to test the two versions of my interview design. I tested the

partnership worker version of the interview design with the Executive Officer of the Area Consultative Committee. I tested the regional leader version of the interview design with the Manager of a Local Council who was involved with the Community Renewal Program. I recorded these interviews and listened to these recordings to reflect on the experience, evaluate my performance, and discuss this with my supervisors. I also conducted a follow up phone call with the interviewees to elicit their feedback about the interview design. This process allowed me to refine interview questions and further develop my skills as an interviewer.

6.1.4 Conducting the Field Work

In February – March 2008 I conducted the interviews at a variety of locations within the region. This included:

- the offices of the Cradle Coast Authority in Burnie
- Local Council chambers
- Businesses of Board members.

This allowed me to familiarize myself with a large part of the region. The interview design worked well and I will now outline some of the key points I learnt from this process. I recorded these interviews on a digital tape recorder. After the interviews I was able to sit down at night and listen through them, record the key points that came out of them, and evaluate my performance. My personal biography was important in terms of developing a level of familiarity and trust to conduct the interview. To establish a personal connection with the interviewees I mentioned my work with the Victorian Government, personal and professional interest in rural and regional issues, and my personal connection to the region. I had a standard way of opening and closing the interviews, which was effective in terms of establishing this connection and allowing each interviewee to open the interview by reflecting on their own experiences (Table 4).

Table 4: Opening and Closing the Interviews

Opening the Interview	Closing the Interview
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<ul style="list-style-type: none"> • Introduce yourself – talk a bit about yourself, personal and professional • Remind them briefly about the research – what it’s all about, interview to be recorded – are you happy? • Check with them how long you’ve got for the interview? • If restricted – possibly another time? (If that’s not possible focus on the most important questions). • At that point turn on the voice recorder. • Get them to reflect on what they’ve done, how they’ve got there, history in the region. 	<ul style="list-style-type: none"> • Never shut off the tape deck until they’ve left the room. • Always ask them if there is anything else they’d like to add that hasn’t been covered. • Ask them if there are any documents I should look at that would be useful • Anyone else I should talk too.
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The interviewees all had a different style when answering questions. Some would just enter into a stream of consciousness, while other will wait for questions in a traditional Q and A way. The most important thing was to let the conversation flow and steer toward issues you are interested in. Having said that keep people talking if they want to make a point off track as it often leads into something relevant and interesting. I got the sense through the interviews that people were using me (as the researcher) to get a particular message across about their opinion of the CCA. As I went through the interview process I began to find the role and functions of the CCA were contested, and there were different understandings of the organization depending on the background of participants. As a researcher I got the sense that people saw me as an outsider, with no vested interest, and they were willing to dump their views upon me.

I also collected a range of documents relating to the CCA and regional development issues in the region. I sourced these from websites and also by asking interviewees for any documents they thought would be useful for me to have. This gave me a good indication about what policy documents were important to the people involved with the

CCA. One significant piece of evidence was the original consultation document that the nine Councils commissioned in 1999 to develop the business case for establishing the CCA. Some interviewees also brought these documents along and handed them to me to keep.

I also knew some people who worked for the Institute of Regional Studies which is based at the Burnie Campus of the University of Tasmania. I attended one of their staff meetings during my field work and subsequently met one-on-one with members of the institute. I also gave a presentation about my PhD and held a seminar on regional development policy with students at the Burnie Campus of the University of Tasmania. The recurring themes in these conversations included optimism about the future of the region, its natural and community assets, and conflicts and tensions between organisations within the region. This engagement helped me to improve how I communicated the PhD and also to develop my knowledge about the region.

6.1.5 Changes to the Interview Design

The purpose of this sub-section of the chapter is to outline change to the interview design as I undertook this field work in Tasmania. As I conducted the interviews I had the opportunity to reflect on how the interview design worked and whether it allowed me to achieve my research objectives. My evaluation of the interview design is outlined below. This evaluation fed into revisions of the interview design as I conducted my work in Tasmania, and informed the interview design I used for my UK case study.

Theme 1 – Origins of the Partnership

There were two key changes to this section of the interview design:

- First, exploring the issue of regional identity, so asking participants why the region is unique, how the region is different to other parts of Tasmania and Australia, and whether people identify themselves with the region
- Second, less emphasis on the role of specific organizations and individuals in forming the partnership (tends to come out later in the interview), and more about the general socio-economic and political conditions in the region at the time.

Theme 2 – Roles and responsibilities

This theme was revised as ‘developing a work plan’ – with more emphasis on how priorities are determined. The key changes to this section were:

- Less direct/ leading questions about regional planning, community involvement, and sustainable development- e.g. changed the question about community engagement to: does the CCA have a profile in the broader community? This generally leads into a discussion about the role of citizens and the broader community.
- Also added in a question about how the CCA approaches new issues as they emerge in the region, as a way for participants to talk about how priorities are determined, stakeholders engaged etc.

Theme 3 – Relationships with government

This section required few revisions. The only change was to add in a specific one about: how do you go about negotiating service and funding agreements with government? Prompting questions related to how flexible this process is.

Theme 4 – Relationships with business and community

A key issue that emerged through the interviews was the role of the board of directors in the CCA. This is the key mechanism for involving community and business representatives in the governance of the CCA, and I added in a question about how it could be strengthened. To end the interview I asked participants where they saw the CCA going into the future. This question allowed interviewees to expand on their own views and reflect on how the CCA has performed and where it may go in the future.

6.2 East Midlands and Leicestershire

In this sub-section of the chapter I will outline how I undertook my field work for the Cradle Coast case study. This encompasses:

- Rationale for case study selection
- Recruiting Participants

- Conducting the Field Work
- Other activities undertaken during my time in the UK.

6.2.1 Rationale for case study selection

I selected the East Midlands Development Agency (EMDA) as a case study because it matched the criteria I established in my literature review and I also had personal connections in the region. One of my PhD supervisors had taken up a position at the University of Leicester and had established working relationships with people working at EMDA. I had been looking at several options for my UK case study including a Regional Development Agency (RDA) based in England's North East Region, and an economic partnership based in Glasgow. However, I felt the personal relationship through my supervisor made it more likely that I could recruit participants for the study. I accessed information about EMDA through its website – including evidence about economic trends in the region and an Economic Strategy prepared by EMDA – and formed the conclusion that it would be an appropriate case study.

When I contacted EMDA they suggested that I also interview people working within 'sub-regional partnerships' (SSPs) in the region. These SSPs were established in 2002 and are based around smaller geographic units – mostly county boundaries – within the region. I accessed information about these SSPs from their websites and came to the conclusion that this approach would strengthen my findings. This approach would allow me to diversify my sources of data about the governance of economic development in the region. Once I arrived in the region I decided to focus on the Leicestershire Economic Partnership (LSEP). Because of resource constraints I thought focusing on one SSP would allow me to better replicate my methodology and interview a mix of partnership workers and board members. EMDA and the LSEP are partnerships that coordinate decision making about economic development at a regional scale.

6.2.2 Recruiting Participants

In this section of the chapter I will outline how I recruited participants for the East Midlands case study. In January 2008 I contacted the Chief Executive Officer and the

Director of Policy and Strategy from EMDA. My supervisor also had a direct working relationship with one of the managers at EMDA and he had spoken to him about my research project. Like the CCA case study I sent them a letter of introduction setting out the aims and rationale of the project and my objective to interview 12 – 15 key people involved with the organisation. I was contacted by one of the Directors at EMDA who was nominated by the Chief Executive Officer to help me with my research. He offered to contact colleagues at EMDA about participating in the research, and also suggested interviewing people working in the Sub-Regional Partnerships. Six interviews were organised with people from EMDA who were at a management level. I did not receive any positive responses from the SSP representatives that the manager in EMDA emailed on my behalf. Once I arrived in the United Kingdom I contacted all of the SSPs using the procedure set out in my ethics application. I received a positive response from three of these contacts and I conducted interviews with them. Through these contacts I was able to make contact with board members of the LSEP and received nine positive responses to participate in the research project. In total I interviewed 17 people for this case study. These positive responses enabled me to meet my targets in terms of the number and mix of interviews and I completed this field work between May and August 2008.

6.2.3 Conducting the Field Work

I started my field work with the interviews with EMDA managers. All these interviews proceeded according to plan except for one due to a cancelled train – I also learnt about the reliability of the British transport system while over there! As was the case in Tasmania, the interviews proceeded satisfactorily and all the interviewees appeared engaged in the process. Most of the interviews went over time and people were happy for me to re-contact them at a later date if necessary. Two of the interviewees could also provide a different perspective because of past experiences. One of the interviewees also had experience at the Government Office of the Region, and could provide a historical perspective on the evolution of EMDA since its beginning. Another had been an adviser for one of the political parties in the late 1990s and had later moved into the Treasury to help develop the RDAs. This allowed me to explore information about the political

dimensions to regional policy in the UK, and how departments worked together after the RDAs were established.

I then conducted my interviews with the three contacts from the different SSPs. I found again the participants were happy with the flow of the interview. Travelling to these interviews was a good way to see different parts of the region. Each of these partnerships had a somewhat uncertain future because of the Sub National Review (SNR) currently being undertaken by the UK Government (the review is pursuing a line of devolving more roles and responsibilities to Local Government at the expense of these sub regional partnerships). The three partnerships were each quite different in terms of the specific context of the partnership, which led me to the conclusion that I should focus in detail on one of them, rather than spread my limited resources across all three. For convenience and interest I chose the LSEP. As a result I then began to contact board members of the LSEP. I then conducted interviews with the LSEP board members, which was spread over several weeks. I found this less intensive interview schedule better because it gave me time to reflect on the interviews and think about the story that was emerging through them. I did not analyse the interview transcript from one of the SSPs because the geographic boundaries of this were outside of Leicestershire. The other SSP overlapped with the boundaries of Leicestershire so I included it in the analysis. The results chapters for the East Midlands case study is the product of analysing 16 interviews, which was still slightly above my target range for the number of interviewees.

6.2.4 Other activities during my time in the UK

During my time in the UK I presented at a conference and met with several experts in the field of regional development, which benefited the development of my PhD. I presented a theoretical paper at the Regional Studies Association (RSA) 2008 Annual Conference in Prague. I completed the paper the week before I arrived. It was a good experience to write the paper. I tried to set out my theoretical approach and use the conference as a way to test my ideas. I began by setting out the growing importance of regional development and the use of partnerships over the last few years. I argued, reflecting on my own experience, that this focus on partnerships constitutes a new way of doing regional

policy. I put forward the proposition that a focus on partnerships presupposes that people and organisations in localities have agency and this can be organised. My thesis will critically engage with the nature of this agency.

At the RSA conference I met with several leading thinkers participating in debates about regional development policy and partnerships, which helped me develop my ideas and open new paths of inquiry. These key thinkers were: Kevin Morgan, Cardiff University; Mike Geddes, Warwick University; Chris Skelcher, Birmingham University; Gordon MacLeod and Ray Hudson, Durham University; and, John Tomaney and Andy Pike, Newcastle University. I started by talking them through my research, and where I was coming from. I also tried to get them to explore issues such as:

- Where to next for their work
- Debates about regionalism and partnerships
- Defining the New Regionalism
- How they treat agency and choice in their work

These meetings were really valuable and helped me develop my theoretical perspective. These conversations helped integrate me into the academic community in regional development studies. This helped me step out of my government role and helped me critically reflect on policy practice. I learnt about key debates exploring concepts of power in regional development, which had been subject of a special edition of *Regional Studies* in December 2007 (Pike 2007). This debate provided a means to reflect on practice and begin to meaningfully ask questions such as: Who is setting the terms of the agenda? Whose interests are served by this? Partnerships have a long history in regional development strategies and tend to serve the interests of those who control material resources. These partnerships are interdependent with the economy and the two needed to be understood together. I realized my question about the role of partnerships needed to be asked in the context of a critical perspective on the economy.

Once I returned to Australia I had the interviews transcribed. I did half of these transcriptions and the other half was done by a professional transcriber. I read over all the

transcripts and then sent them back to the interviewees for confirmation. This process helped me develop a detailed understanding of the data. To protect the anonymity of research participants all the interviews are numbered in the order they appear in the results chapters for each case study.

6.3 Conclusion

In this chapter I have outlined the events and issues that occurred whilst I undertook my field work, and what I learnt from these experiences. Personal relationships with people working and living in these regions helped me recruit participants to take part in this research. I was able to recruit 29 participants in total for both case studies which met the objectives set out in my methodology. I piloted my interview design with 2 people that worked in place-based partnerships in Victoria. This helped me refine the interview design and refresh my skills as an interviewer. I successfully undertook the field work in Tasmania and the East Midlands between February and August 2008. During this time I met with key people at the regional campus of the University of Tasmania (UTAS) which increased my knowledge about issues in the region. I also identified a number of ways that my interview design could be improved, which informed my field work for the UK case study. I met with key academics interested in regional partnerships in the UK which helped shape my theoretical approach. I collected some key documents from these people and interviewees, which helped to build up my evidence base. These experiences helped me integrate into a research community, and develop my skills in qualitative research. In the following part of this thesis I will set out the findings from this research which begins with a chapter that introduces my Tasmanian case study.

PART 2: RESULTS

7 INTRODUCING THE CRADLE COAST AUTHORITY

7.0 Introduction

The purpose of this chapter is to provide background information about Tasmania's North-West and Western Region and the Cradle Coast Authority (CCA). The CCA is a partnership that coordinates decision making about economic development in Tasmania's North-West and Western Region, which is also referred to as the Cradle Coast region. I begin the chapter by providing information about demographic and economic trends in the Cradle Coast region. This region has undergone significant economic change and matches the industrial restructuring criteria I established for selecting a case study in Chapter 5. Institutional actors in the region have responded to these changes by establishing the CCA. In the second part of the chapter I provide an overview of the CCA including its origins, governance and key areas of work.

7.1 Background to the North-West and Western Region of Tasmania

In this section of the chapter I will provide some background demographic and economic information about the Cradle Coast region. This encompasses:

- Demographic trends and population settlement
- Comparative advantages
- Industrial strengths
- Industrial restructuring.

7.1.1 Demographic trends and population settlement

The Cradle Coast Authority oversees economic development in a region that covers the north-west and western areas of Tasmania (Figure 2).

Figure 2: Tasmania's Cradle Coast Region

[Insert map of Cradle Coast region]

Source:

In 2009 the estimated residential population of the region was approximately 110,000, which is 23 per cent of Tasmania's total population (Tasmanian Department of Economic Development, Tourism & the Arts 2007). On the back of high levels of post war overseas

migration the region experienced strong population growth up until the early 1970s (Department of Transport & Regional Services 2003). Population growth leveled off during the 1970s and 1980s and between 1991 and 2001 the population of the region declined by 5,141 people or 4.6 per cent (DOTARS 2003). Population decline was the consequence of people moving out of the region – 39 per cent of these people went to other areas in Tasmania and 61 per cent to other parts of Australia (DOTARS 2003). In 2001 more than 75 per cent of the population was concentrated in the coastal areas between Wynyard and Latrobe where the two major urban centers – Burnie and Devonport – are located (DOTARS 2003). The remainder of the population is dispersed amongst small settlements in the inland and western parts of the region (Cradle Coast Interviewee 1).

7.1.2 Comparative advantages

The comparative advantage of Tasmania's economy is its low business costs; access to deep water ports in Burnie, Devonport and King Island; and, mild climate, reliable rainfall and fertile soils (DEDTA 2007). The region is also relatively close to other parts of the state and to Melbourne, which is one of Australia's major population centers. Businesses can move goods and services efficiently through deep water ports, a high quality road network and broadband and digital platforms (DEDTA 2007). The region has two interstate airports with services to Melbourne in Burnie and Devonport. People living and working in the region are only one hour by flight from Melbourne and close by road to Launceston, which is the major population and administrative center for northern Tasmania.

In recent years the State and Local Councils in the region have recognised the lifestyle advantages of the Cradle Coast Region (DEDTA 2007). This includes its lower housing costs, access to high quality health and education services, high quality road infrastructure, and its natural environment. The University of Tasmania opened a campus in Burnie in 1995 which has expanded to include a Rural Medical School and institutes focused on agricultural innovation and regional development (Cradle Coast Interviewee 2). There are major hospitals located in La Trobe and Burnie and other primary health

services located in smaller settlements across the region (DEDTA 2007). The majority of the Tasmanian World Heritage Wilderness Area – including iconic sites such as Cradle Mountain, Lake St Clair and the Franklin River – sit within the Cradle Coast Region (Parks & Wildlife Service Tasmania 2009).

The region also has a strong sense of identity and participation in social, cultural, recreational and sporting activities (DEDTA 2007). Interviewees argue that regional identity is strong ‘absolutely, make no mistake Tasmania consists of three regions, the north, the south and the North West, and that regional identity and understanding of place is very marked up here’ (Cradle Coast Interviewee 3). An interviewee who had recently moved to the region notes that ‘family and community relationships seem to be much more intimate than they are – certainly in my experience anyway [than] in other locations’ (Cradle Coast Interviewee 4). One of the Local Government representatives mentions a strong ethic of volunteering and giving – ‘like in my municipality 9,000 people, 550,000 sq km, seven volunteer fire brigades, that’s amazing - 167 voluntary organisations, so it’s that sort of stuff that is really good’ (Cradle Coast Interviewee 5).

7.1.3 Industrial strengths

These assets help explain the regions competitive advantages in a global economy. The regions natural resources have historically formed the basis of economic growth in the state and it is heavily reliant on exporting these commodities as a major source of income (Bureau of Transport and Regional Economics 2008). Key agricultural industries in the North West and West Region include vegetable growing, beef cattle and dairy (DOTARS 2003). The region produces almost two-thirds of Tasmania’s vegetables, 60 per cent of the state’s milk, and over half its beef cattle (DEDTA 2007). Niche industries have also developed in aquaculture and flower production. Since the early parts of the twentieth century the region has exploited its mineral deposits – Copper, zinc, lead, silver, nickel and tin - particularly along the west coast in towns such as Queenstown and Zeehan (DEDTA 2007). These industries have experienced recent revival because of demand from developing economies like China and increasing commodity prices (Cradle Coast Interviewee 1; DOTARS 2003). Historically timber production has also been important

and recently new value adding industries have emerged such as craft and furniture production (DEDTA 2007). Energy production through hydro-electricity and forestry are also important commodity based industries.

The region's other traditional industrial strengths are in tourism and manufacturing (DOTARS 2003). Arts and cultural businesses – such as art galleries, museums and live theatre - have also emerged in recent years (DEDTA 2007). The region contains 30 per cent of Tasmania's total income from manufacturing (DOTARS 2003). Key manufacturing firms in the region are involved in dairy products, vegetable processing, textiles, wood products, paper, cement and mining equipment (DOTARS 2003). People visit the region because of its internationally renowned environmental assets including the Tasmanian Wilderness World Heritage Area and Cradle Mountain (DEDTA 2007). This wilderness area covers 20 per cent of Tasmania's land mass and was recognised on the World Heritage list in 1982. The region has a strong and growing tourism industry that is capitalizing upon these environmental assets (Cradle Coast Interviewee 6). This includes marketing short weekend breaks and recreational opportunities such as mountain biking, hiking, fishing and camping (DEDTA 2007).

7.1.4 Industrial restructuring

The region matched the criteria for my case studies because it is an area of recognised industrial restructuring. In 2001 the Federal Government identified the Cradle Coast region as one of the eight most disadvantaged places in Australia (CCA 2002; DOTARS 2009). Over the past two decades the region has experienced population decline, employment loss and restructuring in mining, manufacturing and forestry (CCA 2002). Tourism, education and health services and arts and tourism industries have grown (DEDTA 2007, Cradle Coast Interviewee 1). These changes are reflective of broader trends in Australia as different sectors of the economy have been liberalized since the 1970s (BTRE 2008). This industrial restructuring has impacted deeply upon the economic and social fabric of the region:

'It had a name, this corner of Tasmania, mining farming, but big industry, timber mills and things like that, but fairly high employment and job security, and then very quickly a number of those big employers disappeared they were owned by companies headquartered elsewhere in the world and for various reasons they pulled out. So we were left with the mess, and the unemployed people, and this great sense of dislocation and disillusion for people and towns for whom the company had been everything' (Cradle Coast Interviewee 1).

Over recent years the economy of the region has recovered with a growing population and increasing house prices identified as key indicators of this growth (Cradle Coast Interviewees 1 & 8). The BTRE (2008) argues that there is no mono-causal explanation for these economic changes, and they are reflected in broader trends in the Tasmanian economy which experienced stagnant growth through the 1990s and recovery in the 2000s. The lack of growth in property and business services, population growth and density, and exposure to international competition in manufacturing are all indentified as factors contributing this challenging economic environment for the region. These restructuring processes will be analysed and discussed in more detail in the following chapter.

7.2 Overview of the Cradle Coast Authority

In this section of the chapter I will provide background information on the role of the Cradle Coast Authority (CCA). This encompasses:

- Origins of the partnership
- Structure and functions
- Support from Federal and State Governments.

7.2.1 Origins of the Partnership

The CCA is a partnership that coordinates decision making about economic development in Tasmania's north-west and western region. Some form of regional coordination between the nine Councils in the region – Burnie, Central Coast, Circular Head, Devonport, Kentish, King Island, Latrobe, Waratah-Wynyard and West Coast – had

existed since the 1920s (Kleem 1999; Cradle Coast Interviewee 7). In May 1999 the nine Councils that make up the region decided to examine the viability of existing coordinating governance arrangements – with a view to strengthening these coordinating arrangements (Kleem 1999). A Joint Authority had been established by the nine Councils under the Tasmanian Local Government Act in 1997. ‘It was agreed that the Joint Authority had little thrust as a major body, did not represent true partnership of regional interests, did not display effective leadership, had no teeth, and acted in isolation of the economic interests of the West-North-West’ (Kleem 1999, 3). The Councils decided to reform the joint authority so it had the capacity to make decisions on behalf of them, be more representative of regional interests, and establish some priorities for the future development of the region (Kleem 1999).

7.2.2 Structure and functions

The structure and functions of the CCA is consistent with the definition of a regional partnership, which as we saw in Chapter 4 is to plan and coordinate the allocation of resources in particular geographic areas. The CCA was created in February 2000 ‘to coordinate and drive the sustainable development of the Cradle Coast region, its community and economy’ (CCA 2005, 3). The Authority is overseen by a board and its responsibilities include ‘the Authority’s strategic direction, financial management, appointment of advisory committees’ (CCA 2009, 4). The Authority’s Board includes eight members comprised of business, community and local government leaders that are appointed by the participating Councils (CCA 2007, 2009). Of these eight members two are nominated directly by the participating Councillors, one by the Council General Managers and five are appointed that have expertise covering agriculture, industry or commerce, education and training and tourism (CCA 2007, 15). These business and community director positions are advertised publicly and appointed by the participating Councils for a three year period. Councils scrutinize the operations of the Authority through a Shareholders Group (Cradle Coast Interviewee 5). The group included two people from each participating Council and its role is to ‘appoint and review the Board, approve the Authority’s guiding documents and meet quarterly to review progress against the Annual Plan and Annual Budget’ (CCA 2007, 4).

An Annual Plan sets out the Authority's work in areas such as tourism, industry development, natural resource management and community development (CCA 2005). The Authority is located in Burnie and at the time of the study it had twenty two staff members. The work team is led by the Executive Chairman who manages staff and is a non-voting Chair of the Board. The work of the Executive Chairperson is supported and coordinated by a small work team that includes an Executive Officer, Finance Officer and administrative staff. The participating Councils provide funding for this central work team. Functional work teams are split into three areas – tourism, education and training, and natural resource management. These work teams are supported by program funding from the State and Commonwealth Governments.

7.2.3 Support from Federal and State Governments

The CCA has developed strong relationships with the Tasmanian and Commonwealth Governments. The Authority has received funding support through a Partnership Agreement with the Tasmanian Government, and the previous Commonwealth Governments *Sustainable Regions Program (SRP)*. The aim of the Tasmanian Governments *Partnerships Agreement Program* is to improve policy outcomes through better coordination between State and Local Government (Tasmanian Department of Premier & Cabinet 2009). The partnership agreement with the CCA was signed off in October 2001. This agreement includes a range of initiatives that cover policy areas such as infrastructure, tourism, sport and recreation, education and transport (Government of Tasmania 2001). The *SRP* was established in 2001 by the Commonwealth Government - led by the Prime Minister John Howard - to promote sustainable development in eight regions across Australia facing significant economic challenges. The North-West and Western region was identified as one of these eight regions. The CCA acted as the Advisory Committee to develop proposals for the allocation of funds through this program. The Cradle Coast Region Investment Plan developed by this committee was approved by the Minister in October 2002 (CCA 2002). The CCA is still operating at the time this thesis was published and current information about it can be found on its

website¹. More detailed analysis about the role of the CCA will be presented in the following chapters.

7.3 Conclusion

In this chapter I have provided background information about the CCA and the Cradle Coast region. The CCA met my criteria as a regional partnership operating in an area that has experienced economic restructuring and disadvantage. Over the past 20 years the Cradle Coast region has undergone significant economic, social and environmental change. Institutional actors in the region have decided to come together and form a partnership to promote sustainable regional development. In the following two chapters of this thesis I will set out the results of my analysis for this case study.

¹ www.cradlecoast.com

8 CRADLE COAST AUTHORITY– ECONOMIC CHANGE AND THE ROLE OF INSTITUTIONAL ACTORS

8.0 Introduction

This chapter reports on research undertaken about the CCA. The purpose of this chapter is to examine economic changes in the region, and which actors have the resources and means to influence this change. In the first section of the chapter I address the following subsidiary research question: How do forces associated with globalisation interact with the endogenous assets of different regions to generate economic change? Globalisation has exposed traditional industries to competition and restructuring and has left a legacy of low skilled workers who are unable to find secure employment. I argue that economic growth of the region is linked to the capacity of firms to capitalise upon environmental capital and develop economies of scale in agriculture, tourism and food manufacturing. In the second part of the chapter I address the following subsidiary research question: Which actors have the resources and means to influence these restructuring processes? I argue the power to shape these processes primarily reside with institutional actors outside of the region – Federal and State Governments.

8.1 The Cradle Coast Region in a Globally Competitive Economy

In this section of the chapter I will examine how forces associated with globalisation interact with the endogenous assets of the Cradle Coast Region to generate economic change. This encompasses:

- Globalisation and industrial restructuring
- Labour market restructuring and human capital.

8.1.1 Globalisation and industrial restructuring

Increasing globalisation led to decline and restructuring of heavy manufacturing over the 1990s and this became a significant issue for the Cradle Coast region. ‘There were a couple of big industries in this area who closed down and were dramatically downsized, and laid off, hundreds or thousands of employees, and thousands more indirectly affected’ (Cradle Coast Interviewee 1). These included a paint factory and

pulp mill in Burnie that directly employed large numbers of people and supplier businesses. Held et al (1999) and Gleeson and Carmichael (2001) argue that globalisation generates structural and distributional impacts, and these changes tend to disadvantage rural areas and those reliant upon manufacturing. Over the past few years the region's economy had recovered and indicators of these improved conditions are increasing economic growth, private inward investment, increased retail activity, and higher disposable incomes (Cradle Coast Interviewees 5, 8 & 9). This economic growth reflects a general recovery and growth in the Tasmanian and Australian economies since the mid to late 1990s (BTRE 2008).

An important factor contributing to economic growth in the Cradle Coast region is industries that are linked into GPN and earn the region export income. Manufacturing industry in the region is controlled by a small number of large branch plant factories. These are owned by Simplot and McCains that specialise in food manufacturing whilst Caterpillar specialises in the production of machinery. These three companies are headquartered in North America and have production sites in multiple countries. These companies are 'key players' in terms of manufacturing industry in the region (Cradle Coast Interviewees 1 & 3). The Cradle Coast region faces competition from other regions internationally in terms of the price of labour and there is a threat these industries may leave. 'If we find that Simplex or McCains no longer find it sensible to produce vegetables here and doing it somewhere else, we're in trouble' (Cradle Coast Interviewee 1). The power to make these decisions resides with those companies and is outside of the control of people in the region. The tourism industry in the region is growing strongly and in recent years the tourism industry has improved its customer service and regional branding as a means to attract more visitors to the region (Cradle Coast Interviewee 6). Manufacturing in the region has declined or is under threat while growth is occurring in service industries associated with tourism. The nature of this industrial change seems to support the argument made by Coe et al (2004) that regions are adapting to global competitive pressures and MNC play a key role in organising and coordinating these processes. In the following section I will examine the Cradle Coast regions key assets and their relationship to the strategic needs of these actors embedded in GPN.

8.1.2 Regional Assets: Environmental Capital

Cooke and Morgan (1998) and Cooke (2007) focus on human capital and how universities and businesses can work together to promote innovation and regional economic growth. My analysis has a different emphasis and I find that environmental capital is the most significant factor contributing to the Cradle Coast's competitiveness and economic growth. The environmental capital of the Cradle Coast region includes mild climatic conditions, fertile soil, rainfall and water storage capacity, remnant wilderness, fish stocks and mineral deposits. Firms have been able to capitalise upon this environmental capital through agriculture, manufacturing and tourism industries. The regions environmental capital is seen by interviewees as factor endowments that firms could capitalise upon through agriculture, food manufacturing and tourism. 'We've got an abundance of water, great climate, you can basically grow anything here, the soils, and the basalt, chocolate soil is second to none' (Cradle Coast Interviewee 8).

Morgan (2004) argues that sustainability is a key principle to guide regional development and interviewees recognised that protecting and better managing environmental effects is important to the future prosperity of the region. A respondent from the University of Tasmania also argued that the region could articulate itself in global production networks in terms of a 'clean and green' image to attract investment and market products (Cradle Coast Interviewee 3). Interviewees also saw these assets as an important part of the liveability of the region and why people would choose to live there. 'Our competitive advantage, I suppose lifestyle, climate, it's a very temperate climate; we don't get the extremes' (Cradle Coast Interviewee 8). Preserving and promoting these assets, such as the Tarkine Wilderness Area - are also seen as important in terms of attracting tourist visitors to the region and a part of the overall visitor experience (Cradle Coast Interviewee 6).

Interviewees recognise that the region has a poor historical record in environmental protection and management due to the presence of firms that are heavy polluters.

Although these firms provided stable employment and wealth for the region they also had negative environmental effects and were detrimental to the image of the region:

'[There] was an ICI spin off that was called Tioxide and it made pigments for paints and it flushed immense plumes of red and white and yellow and orange pigment into the sea so the coast for tens of kilometres either side of Burnie was whatever colour they were dumping that day, all the fish died, there was this sort of ugly froth of noxious yuck in the water' (Cradle Coast Interviewee 1).

A key exogenous factor impacting upon the Cradle Coast region that is identified by interviewees is climate change:

'Climate change is now suddenly bleeping on our radar, which it may not have done so much in the past. I think our annual plan this year will probably be quite different to in the past because there are some new issues of climate change, ecological sustainability and all of that' (Cradle Coast Interviewee 10).

Interviewees focus on the opportunities presented by climate change. There is a consensus amongst interviewees that climate change presented an economic opportunity for the region because of its mild climate and the availability of water resources. 'We've still got water, we've got rain, even better and seasons and stuff like that, and the projections are that this area of the world is going to possibly be the least affected out of the climate change scenarios' (Cradle Coast Interviewee 1). Benefits arising from these natural advantages included increasing agricultural productivity relative to other rural regions, attracting people away from Australia's major cities, and developing new businesses to take advantage of carbon trading (Cradle Coast Interviewees 1, 9 & 11). One of respondent identified a risk in terms of losing the region's major food processing factories unless these firms adapted to carbon trading (Cradle Coast Interviewee 1). In the following sub-section I will examine the impact of these changes on the regions labour market.

8.1.3 Labour market restructuring and human capital

As discussed in the previous section, the Cradle Coast region has experienced some decline in labour intensive manufacturing industries and the growth of service based industries in tourism. The distributional consequences of these changes have been uneven with inter-generational unemployment emerging in some cases. These changes have led to institutional actors perceiving skills development as a key strategy for adapting to the structural and distributional changes of increasing globalisation. Interviewees argue that rising unemployment is the result of factors endogenous to the region – particularly declining human capital - and the power to influence this problem resides within the region. There is a consensus that unemployment was a ‘significant’ issue in the region, with rates much higher than in other parts of Australia (Cradle Coast Interviewees 4 & 8). Interviewees argue that high levels of unemployment were caused by a lack of human capital. There is a consensus amongst respondents about poor education and training outcomes in the region, particularly amongst young people. ‘The Cradle Coast region of all the regions in Australia has had one of the poorest records in terms of younger people moving onto higher education and for leaving education at Year 10’ (Cradle Coast Interviewee 7). The factors influencing these outcomes are endogenous to the region: a cultural focus in the region of leaving school early to get a job, geographic isolation and lack of access to services, parents encouraging children to leave school and enter the workforce or problems of inter-generational unemployment, and high fertility rates amongst young women (Cradle Coast Interviewees 1, 2, 4 & 8). Addressing these problems may be an important way of adapting to structural change.

Florida (2002) argues that the economic growth of cities and regions is associated with the presence of highly skilled creative workers who work in industries such as information technology, biotechnology and professions. Attracting these workers is dependent upon factors such as high quality public services, attractive urban environments and opportunities to consume cultural products and services. Institutional actors in the Cradle Coast region reflect this trend – there is a growing demand for skilled labour and they are focussing effort on how to retain and attract these workers. Retaining and attracting skilled migrants is dependent upon a mixture of exogenous and

endogenous factors. The region competes with other areas of Australia in terms of keeping young people and young families who pursue employment opportunities elsewhere – particularly on the mainland of Australia with a ‘great exodus of young people looking for work and education opportunities elsewhere, loss of young families’ (Cradle Coast Interviewee 1). A range of endogenous factors associated with the concept of liveability - affordable housing, community safety, good schools and high quality community facilities – are identified as important in terms of retaining and attracting skilled workers (Cradle Coast Interviewee 5, 8 & 12). Investing in these endogenous factors may give the region some power to influence the locational choices of mobile skilled labour.

8.2 Role of key organisations and interests

In this section of the chapter I will examine who has the resources and means to influence the restructuring processes identified in the previous section. This encompasses the role of:

- the State and Federal Governments
- Local Councils
- Other institutional actors – business, universities and community organisations.

8.2.1 State and Federal Governments

State Government – Partnership Agreement Program

In 1999 the Tasmanian State Government established the *Partnership Agreement Program* to ‘find better ways of serving Tasmanian communities by the two spheres of government (state and local) working together’ (DPAC 2009). This program has been used as a mechanism to promote economic development in the Cradle Coast region. In 2001 the CCA signed a three-year Partnership Agreement with the Tasmanian State Government (Government of Tasmania 2001). This agreement is a ‘statement of intent’ that includes ‘headline issues’ in the region that required inter-departmental coordination, and it sets out the roles and responsibilities of each party (Cradle Coast Interviewee 1 & 9). The design and implementation of this Partnership Agreement seems to support the

proposition that devolution and democratisation of political authority is controlled by the State.

The Tasmanian Government has been able to retain control over this agreement through the involvement of senior representatives from the bureaucracy in a committee that oversees the program in the region. Development of the *Partnership Agreement* is overseen by a Peak Group that includes senior representatives from each department and agency involved. The organisational status of individuals within this Peak Group is also critical to the efficacy of the Partnership Agreement. These findings indicate the importance of organisational status as a factor contributing to the efficacy of regional governance.

'The Premier took patronage of this one and put the Secretary of the Department of Economic Development which is probably the key person onto it as well. We didn't agree with everything they wanted but it was clear that the state wanted there to be a good partnership agreement here. I think that helped us' (Cradle Coast Interviewee 1).

Smyth et al (2004) argue that NPM techniques such as contracts tend to restrict the autonomy of regional partnerships. My analysis of the ongoing management of the Partnership Agreement seems to support this argument. Once the Partnership Agreement was established the State Government managed resources allocation and controlled the choices of institutional actors through contractual arrangements. The CCA receives recurrent funding to deliver Tourism and Natural Resource Management on behalf of State Government. This Tourism funding is based upon an annual funding agreement and memorandum of understanding with Tourism Tasmania, which is an agency within the Tasmanian State Government. The CCA has tried to extend this agreement and secure longer term funding but this was not approved. There is not much flexibility in these funding agreements. 'We really are restricted now to projects that can be externally funded but with limited timeframes, which isn't a really good way to work' (Cradle Coast Interviewee 6).

These restructuring processes also enhanced collective efficacy amongst institutional actors in the region and the State Government. This became an ongoing resource that institutional actors in the region could draw upon to collaborate with the Tasmanian State Government.

'We met a lot of the Secretaries or Senior Managers of a lot of agencies of government we ended up having long conversations with them, sharing information, negotiation and things like that. It was a fantastic familiarization with who was who and the relationships I personally built with a lot of senior managers are the one's I still use today' (Cradle Coast Interviewee 1).

Relationships between organisations in peripheral areas of the state and the Government based in Hobart were usually difficult to build and maintain and the Partnership Agreement helped overcome those barriers:

'We're a State where the seat of power and the majority of senior positions in decision making for government are based in Hobart. [It] can be a little bit Hobart-centric. I work with the Bass Strait Islands both find it hard to engage with senior levels of government' (Cradle Coast Interviewee 9).

This seems to support the argument made by Allen and Cochrane (2007) that regional development strategies are dependent upon networks that connect decision makers in a region to centers of political authority. In the following section I will evaluate the role of the Federal Government.

Federal Government – Sustainable Regions Program

The key mechanism that the Federal Government has used to respond to restructuring processes in the region has been through the *SRP*. The *SRP* was established in 2001 and \$100.5 million was allocated to the program. These funds were distributed between eight regions across Australia that were identified as undergoing major economic, social and

environmental change (CCA 2002; DOTARS 2009). Tasmania's North-West and Western region was nominated as one of the eight priority areas based on its levels of social and economic disadvantage. The Federal Government approach to organising and delivering these resources support the proposition about devolution and democratisation. Each region was allocated approximately \$12 million to be spent over a four year period and the funds would be allocated on the basis of recommendations from a committee based in the region that would have representatives from the community, business and government. The allocation of these funds would be conditional upon leveraging funding from other sources.

The State is able to set the rules for these restructuring processes through budgetary arrangements. The Federal Department of Transport and Regional Services (DOTARS) controlled the distribution of funds and the CCA gave advice to the department about how the funds should be distributed. Attempts by the CCA to put in place alternative financial arrangements that would give it greater control were not approved. 'What we proposed was dump the money, give us a contract, if we do the wrong thing then take us to court, that's easy - we can do that, we have the ability to be sued but we also have the ability to manage this investment well' (Cradle Coast Interviewee 1). The Federal Government maintains control through budgetary procedures that establish rules for how resources are allocated within the region. The Federal Government specifies how much money has to be spent each year and this reduces flexibility to respond to circumstances at a regional level.

'Someone who designed this program said its going to run for four years, here's the amount of money available, we'll allocate a quarter of that money each year, which meant that because you've got a fair bit of ground work and publicity and formative stuff, you end up not spending much in the second, more in the second and most in the third and a bit less in the fourth. That meant every year that the Commonwealth was looking at its allocations it as under spent or over spent and it had to go through immense bloody hoops to try to keep, retrieve or carry over money' (Cradle Coast Interviewee 1).

The Federal Government also wanted resources allocated through small grants rather than spending time in gathering evidence and setting priorities (Cradle Coast Interviewee 2). This small grants investment approach was seen as less effective. 'That bit of the Sustainable Regions Funding was actually much less successful than where we had targeted areas for investment, worked up collaborative projects, and deployed the funding - but my word it was difficult to get that different approach accepted by the bureaucracy' (Cradle Coast Interviewee 2).

The *SRP* process also enhanced collective efficacy between the CCA, the Federal Government and institutional actors within the region. In spite of their frustrations the *SRP* process was seen by these institutional actors as a good opportunity for the CCA as a 'door opener' into the Federal Government. Staff and Board Members also had direct contact with Ministers and Federal Local Members in the region, which included attending board meetings (Cradle Coast Interviewee 7). Direct contact with Federal Ministers is effective as a way of resolving problems and cut through bureaucratic barriers. This resource seems to improve the efficacy of public administration by facilitating the spread of knowledge, promoting cooperative behaviour and reducing transaction costs (Productivity Commission 2003). Having identified how State and Federal Governments have responded to restructuring processes - the chapter now examines the role of Local Councils.

8.2.2 Local Councils

Compared to Federal and State governments, Local Councils have limited resources to influence economic change. The resources of Local Councils in Tasmania are established by the State Government through the Tasmanian Local Government Act (1993). A key responsibility of Local Government in Tasmania is economic development. Local Councils in the region produce economic development plans and key policy levers include attracting investment the land use planning system, and investing in infrastructure and utilities (Burnie City Council 2007). The income to provide these investments is derived from property rates, fees for services and grants or loans (Local Government

Association of Tasmania 2009). In this section of the chapter I examine how Local Councils have worked together to promote regional economic development.

Smyth et al (2004) and Considine and Giguere (2008) argue that partnerships have become more important in recent times as a means to promote local and regional development. But Local Councils in Tasmania have collaborated through various partnership type arrangements since the early 1900s – including ‘North West Municipal Development League then...the North West Municipal Region...then it became Tasmania’s North West Councils’ (Cradle Coast Interviewee 7). This collaboration has generally been limited and had been ‘very low key’ and ‘under resourced’ over this period of time (Cradle Coast Interviewee 7). Mutual advantages existed in achieving cost savings in managing water resources and pooling resources to deliver waste management services. Councils were able to retain control over these partnerships because their membership was exclusive to Local Government leaders. Membership of these groups generally included all the Mayors and General Managers from each Council in the region.

Mayors and General Managers of Local Councils have been set the rules for this collaboration. The process to establish the CCA was controlled by the General Managers of the Councils. In 1999 the nine Local Councils in the region came to a view that existing coordinating structures were inadequate and needed to be reviewed. They consequently commissioned a report to recommend ways forward. The Mayors of the three largest municipalities in the region provided the political impetus for this work with a view to establishing a new regional development body (Cradle Coast Interviewee 8). Once the initial agreement was reached between Councils, the process of setting up the Authority was led and controlled by the General Managers of the nine Councils with support from an external consultant. ‘The nine Councils sent the General Managers of the Councils away for the weekend to a retreat up in the hills where they had a whiteboard, and a consultant and they asked them to design or to propose a structure for a regional body that could be that regional identity and that regional voice for north west Tasmania’ (Cradle Coast Interviewee 1). Once this phase began the General Managers controlled and shaped the process:

'It was really the General Managers who really got it together, who had the vision that a new, totally new structure was required. So I think it was the General Managers who provided it collectively, not individually, but collectively' (Cradle Coast Interviewee 7).

The report recommended that a new joint authority be established by the Councils that had the capacity to play an effective leadership role in promoting economic development across the region. Joint Authorities are 'effectively an incorporated body that the Councils, that two or more Councils can own, and Councils can seed or delegate to that body any of their powers' (Cradle Coast Interviewee 1). The interests of the region were equated with the interests of the nine Councils '[the partnership could act] in the interests of the region as a whole or on behalf of any of its Councils or multiples of its Councils' (Cradle Coast Interviewee 1).

The capacity to collaborate is limited by competition between Councils for scarce resources. The balance between local and regional interests is shifting and these interests are sometimes in conflict. One respondent noted that Councils 'control the purse strings [and] have say in what direction it [the CCA] takes' whilst noting that 'if enough Councils band together' then the CCA has to follow a certain direction (Cradle Coast Interviewee 8). Councils such as Devonport and Burnie with larger populations have a tendency to exert their interests over rural-based Councils with smaller populations. Another point of conflict is between the eastern and western halves of the region. Because the region has a dispersed population the western part of it is quite isolated from cities such as Devonport. This has generated conflict over services and infrastructure, including for example suggestions to consolidate the region's two airports, currently located at Wynyard and Devonport (Mike Downey – Interview). There is uncertainty as to the degree of freedom the CCA had to act and speak on behalf of the nine Councils:

'I know a couple of the Mayors are raising that issue. At what juncture should the CCA actually speak on behalf of the region? Or on part of the region?' (Cradle Coast Interviewee 5)

Interviewees argued that collaboration is difficult because of the resistance of Council General Managers who wanted to retain direct management control and the 'fierce independence' of individual Council business units (Cradle Coast Interviewee 1). Conflict between Local Councils is motivated by competition for scarce financial and human capital. Councils are experiencing a fiscal squeeze of declining revenue and increasing demands. 'Cost increases are going up - operating cost increases would be 5 to 8 per cent per year, revenue increases are about 2 to 3 per cent so they've got this, you know, huge gap, operating funding gap which is increasing each year' (Cradle Coast Interviewee 11). Councils in the region lacked the capacity to invest in infrastructure to promote economic development and allow for population growth. One interviewee argues that population growth and economic development has been held up on the west coast of the region because of lack of funding for water and sewerage infrastructure. Councils across the region are also competing with each other for skilled workers and this impacted on service provision particularly in areas of engineering and land use planning.

'You sit the General Managers around the table and this bloke has just poached this bloke's planner. This guy has just stolen the Engineer from the other end of the coast and has paid him \$20,000 extra, you know, and it's a bit of a revolving door here at the moment, it's like a shuttle bus' (Cradle Coast Interviewee 1).

There is a distinct hierarchy between levels of government with policy choices of the State Government shaping how Local Councils responded to economic change in the region. This suggests that the meta-governance of partnership working in the region is shaped by the State Government. State Government policies have put pressure upon Councils to achieve savings through collaboration. Over the past two decades Local Councils in the Cradle Coast region had also faced periodic threats or forced amalgamations from the Tasmanian Government. In 1997 the Rundle Liberal

Government put the amalgamation issue back on the mainstream political agenda, Councils in the region formed a position against it, and began to consider greater levels of regional cooperation. 'I still go back to the 97 Liberal Party stance on forced amalgamations or further amalgamations. I think that jolted us, that was probably the number one [factor in establishing the CCA] - we thought regional cooperation' (Cradle Coast Interviewee 5). This was confirmed by an interviewee who argued that the formation of the CCA was a strategy to prevent forced amalgamations and the expectation communicated to them from Councils was about a 'shared services model' to yield greater efficiencies in Council operations (Cradle Coast Interviewee 2). Key areas for recent reform initiatives were land use planning, water and sewerage management and health services. Having identified that Local Councils have collaborated to promote regional economic development - in the following section I will focus on the role of other institutional actors that may be involved in regional development strategies.

8.2.3 Other Institutional Actors: Business, Universities and Community Organisations

Jessop (1990) and Hudson (2001) argue that business interests are generally able to control how policy is represented and what interventions in the economy are selected. I focus upon the techniques utilised by business interests to influence policy choices in the region. Engagement in regional governance by business interests is mainly led by senior leaders from local businesses. These business leaders are respected in their communities and had built networks amongst decision makers. '[Business leaders] are individuals, who not necessarily are currently business managers, and not only old people, people just above the middle of their career - they are a small group of people in this place, people who have succeeded, have been entrepreneurial and stayed around (Cradle Coast Interviewee 2). These business leaders are influential within the region and are able to draw other people into the CCA. 'A fairly key strategy [of the CCA] is convincing people who other people are going to listen to that what we're doing is good - and they're the sorts of people who draw other people in' (Cradle Coast Interviewee 4). The relationships between regional business leaders are described as 'networks of influence' (Cradle Coast Interviewee 12).

The Cradle Coast Campus of UTAS was established in 1995 and it is based in Burnie. The primary role of the University is to build the region's human capital through delivering teaching and learning and research and development services in the region (Cradle Coast Interviewee 3). The University has also undertaken a number of tasks that fall outside this central mission that support arguments made by Goddard and Chatterton (2003) and Benneworth et al (2008) about the broader role of universities in regional development strategies. Institutional actors saw the University as providing a leadership role in developing the region because 'it's an institution that is still respected, the institution as a whole is generally well respected in Tasmania' (Cradle Coast Interviewee 3). The exact nature of this leadership role was uncertain and still being negotiated with other key players in the region. 'What I like to think we are trying to do here, which makes us distinctive is, consider what a university ought to be, if it begins by saying to the community: what might you need, how might we have an impact on your development, how might we contribute to economic and social prosperity?' (Cradle Coast Interviewee 2).

The University employs various strategies to undertake this broader role. The Campus has an Advisory Board that includes eight community leaders. Directors and managers at the Campus are encouraged to build and maintain relationships with community, business and Local Government leaders in their day to day work (Cradle Coast Interviewee 2). UTAS has also established an *Institute for Regional Development* based at the Cradle Coast Campus to provide courses in regional development, coordinate research projects across different departments of the University, and to engage with business, government and community organisations across the region. The University works closely with schools, TAFE, Local Government and the CCA on programs and projects that aim to engage school leavers and mature age workers in courses at the Cradle Coast Campus (Cradle Coast Interviewee 1 & 2). The CCA has drawn upon expertise at the university on a project basis - for example in terms of promoting innovation in the region's vegetable industry, workshops around emerging issues such as Climate Change, and analysing demographic and land use patterns across the region (Cradle Coast Interviewee 1, 3 & 12). People working at the university also have the capacity to access resources

and networks within other areas of UTAS and through other academic institutions nationally – this provides sources of new ideas to deal with emerging challenges such as competitiveness of the food manufacturing industry, water management and climate change (Cradle Coast Interviewee 3 & 12).

Community organisations and the broader community play a marginal role in responding to restructuring processes occurring in the region. Involvement of the community sector in the work of the Authority was only mentioned once in relation to education and training initiatives and this was through an intermediary called ‘North West Action for Youth’ (NWAY) which was a ‘very loose grouping of youth development people within councils, people from NGOs, people from other government agencies that work with young people’ (Cradle Coast Interviewee 4). Representatives of the NWAY were involved in the governance and delivery of an education project managed by the Authority and they were seen as ‘critical’ because of their direct work with young people (Cradle Coast Interviewee 4). This direct connection with different interests and communities in the region would seem to be the key resource that community organisations bring to regional partnerships. Having examined the role of institutional actors – in the following section I will conclude the chapter.

8.3 Conclusion

In this chapter I have identified how globalisation is generating socio-economic and environmental change in the Cradle Coast region, and I have identified which institutional actors are involved in governing regional development. I will now conclude the chapter by addressing each of the subsidiary questions I posed at the beginning:

- How do forces associated with globalisation interact with the endogenous assets of different regions to generate economic change?
- Which actors have the resources and means to influence these restructuring processes?

How do forces associated with globalisation interact with the endogenous assets of different regions to generate economic change?

The Cradle Coast region is experiencing the structural and distributional effects of increasing globalisation (Held et al 1999). Trade liberalisation is placing cost pressures upon labour intensive manufacturing in the region and is generating increased socio-economic disadvantage in the form of unemployment. Regional economic change is generated by the changing strategic needs of actors embedded within global production networks (GPN) (Coe et al 2004). This increasing international competition is reshaping the nature of employment in the region with more emphasis placed upon workers investing in their human capital to help firms succeed in this environment. Effort is also being placed in retaining and attracting skilled workers in the region. This finding supports the arguments of Cooke and Morgan (1998), Boekema et al (2000) and Florida (2002) about the importance of human capital formation to regional competitiveness. The region's key asset is its environmental capital and industries that are linked to these assets and are integrated into GPN such as food manufacturing and tourism are succeeding. Manufacturing industry is controlled by MNC's who have headquarters in other countries, and are part of production and distribution networks at a global scale (Coe et al 2004). These findings seem to support the theoretical propositions about regional economic change set out at the conclusion of Chapter 2. An important addition to these propositions is the finding that climate change is an important exogenous factor impacting upon the regions economic future. Interviewees see climate change as an economic opportunity that will allow the region to capitalise upon its mild climate, water resources and 'clean and green' image.

Which institutional actors have the resources and means to influence these restructuring processes?

The State – encompassing Federal, State and Local Councils – seems to be supporting the formation of partnerships to promote economic development in the region. There is a distinct hierarchy between the levels of government and they play different roles based on their various responsibilities and the resources that are available to them. The Federal and State Governments have a much greater capacity to provide resources to invest in the regions assets. Local Councils are much more constrained and tend to compete against each other for resources. Councils have a mutual advantage in achieving cost savings and

resisting threats from State Government to amalgamate. These different levels of government have a common approach of organising the delivery of regional development initiatives through strategies of devolution and democratisation. The rules of engagement are set by the State through formal administrative mechanisms such as Partnership Agreements, contracts and budgetary procedures. Participation from civic and bureaucratic leaders is also important and seems to generate benefits in terms of increasing the efficacy of regional governance. My analysis supports the proposition that the state sets the rules for partnerships through a range of administrative techniques.

Business, Universities and Community Sector Organisations are the other institutional actors involved in regional governance. These actors apply resources in attempts to influence policy choices of Federal, State and Local Governments. My analysis supports the arguments made by Jessop (1990) and Hudson (2001) that business interests tend to have the most influence at the expense of other social interests. These interests are represented by individual business leaders who seem to have a concern about the economic future of the region. There is mutual advantage because the State allocates resources to boost the economy and business leaders add legitimacy and status to these efforts. Relationships between business and civic leaders are important in how this power is exercised. These networks of influence appear to be exclusive to a group of civic and business leaders in the region who are connected to points of political authority centered in Hobart and Canberra. Networks to these external points of authority are significant in shaping how partnerships work, and their effectiveness in accessing resources (Cochrane & Allen 2007). The University and Third Sector organisations are then co-opted into these arrangements on terms set by civic and business leaders. The University plays an active role in regional development by providing research and expertise for local businesses and decision makers. In the following chapter I will examine how the CCA has harnessed the dynamics and resources identified in this chapter to promote regional development.

9 ROLE OF THE CRADLE COAST AUTHORITY IN PROMOTING REGIONAL DEVELOPMENT

9.0 Introduction

The purpose of this chapter is to examine the role of the CCA in promoting economic development in the Cradle Coast region. In this chapter I address the following subsidiary research question: What type of value is generated by partnerships, and how are these resources associated with the economic development of regions? I will argue that the CCA promotes regional economic development through two key strategies:

- **Enhancing Collective Efficacy:** Formation of networks, norms and trust that creates the confidence for collaboration between institutional actors.
- **Building Political Capital:** Mobilising ideas and resources to define the region's interest and to coordinate the allocation of resources.

In the first two sections of the chapter I will examine how the CCA has built collective efficacy and political capital and the techniques utilised to build these resources. In the subsequent sections of the chapter I examine how the CCA has applied these resources to create and enhance value in the region.

9.1 Enhancing Collective Efficacy

9.1.1 Outcome – Enhancing Collective Efficacy

Since the CCA was established it has helped build and maintain collective efficacy between Local Councils and State and Federal Governments. However, the CCA has not changed pre-existing centers of power and relational networks between them, such as the material interests of individual Local Councils and their relationships with State Government agencies, or by creating opportunities for other institutional actors to participate in decision making. The CCA has been able to enhance collective efficacy amongst decision makers in the State and Commonwealth governments. When State and Commonwealth Government strategies presented opportunities for the region, the CCA could play a brokering role in helping them coordinate work in the region. 'We [the

Authority] really found what we could exploit really well was being [pause] a-political, not a-political, we could get in-between the State and Commonwealth governments when they weren't talking to each other because they were politically different' (Cradle Coast Interviewee 1). As a result, the CCA has become an organisation that the Federal and State Government came to regard as a 'trusted source of information' about the region when formulating policy advice (Cradle Coast Interviewee 9).

These networks, shared norms and trust enabled more efficient flows of strategic information between institutional actors and improved the efficacy of regional governance arrangements (Productivity Commission 2003). State and Federal Government could access intelligence about the region from the CCA, and the CCA had a better understanding of policy priorities and strategic intentions at a government level. This strategic information could then be disseminated amongst the nine Councils. 'What [the CCA] seeks to do is pull this stuff all together and see if [it] can make some sense out of that and then see how that resonates when [they] then dig down into the nine local authorities' (Cradle Coast Interviewee 3). Council representatives recognise that the CCA has the ability to bring together Councils and marshal information about the region has improved decision making:

'The CCA to their credit have a better overview of what's happening in all nine areas and all their concerns so when they put a paper together they try to take into account all the different weaknesses and strengths of the area. When we look at it individually we don't really know all the issues we might be having with transport or tourism or some of the other innovations that other Councils are doing' (Mike Gaffney – Interview)

Bellamy et al (2003), Phelps and Tewdr-Jones (2004) and Geddes (2006) argue that partnerships do not transform political and economic structures, and that other institutional actors such as community organisations play a marginal role in regional development strategies. Indeed, the CCA has not transformed pre-existing relationships between individual Councils and the State and Federal Governments, or opened up

opportunities for communities to influence decision making. The work of the CCA in this area had helped some Council representatives build and strengthen links with the Federal Government. 'It [the CCA] has broadened relationships more so than opened up relationships - the relationships between the Councils and the State and Federal Governments; the State Government was a reasonably high relationship and not much has changed there' (Cradle Coast Interviewee 7). There is a lack of evidence that the CCA has been able to open up opportunities for community sector organisations, the general public, social movements, and Trade Unions to participate in decision making about regional development. Having identified that the CCA helped enhance collective efficacy amongst leaders from the State, in the following section I will examine the techniques used to build and maintain it.

9.1.2 Techniques – Enhancing collective efficacy

The Board of the CCA plays an important role in generating collective efficacy amongst civic leaders, but is constrained by competition between Councils and its lack of public legitimacy. Councils are able to shape the agenda of the Board and influence how it defines the regional interest. Interviewees argued that the Board plays a key role in authorising and supporting staff to play an independent brokering role because it was at 'arms length' from the participating Councils (Cradle Coast Interviewees 6 & 7). This independence is important because it enables the Board to avoid the 'parochial' nature of the Councils, and the instances where groups of Local Governments may gang up to pursue a policy agenda (Cradle Coast Interviewees 2 & 6). The Board faced two key challenges to this independent role in governing the region. First, over time the Board has become more reluctant to take leadership on policy issues that are controversial amongst the participating Councils. Interviewees argued this has occurred because too many board members have a background of working in local government in the region (Cradle Coast Interviewee 2). Second, the Board has a low profile in the broader community (Cradle Coast Interviewees 2, 6 & 11).

The Representatives Group is the key mechanism that links the Authority to representative democracy through its nine participating Councils. The Representatives

Group is not a cohesive body and tends to operate as a ‘gathering of the tribes’, where individual Councillors or Councils come with their own issues to resolve (Cradle Coast Interviewee 1). Councillors in the group dealt with the Authority in ‘terms of how to we control it, how is it accountability, how much is it costing’ and not ‘how it [the Authority] is dealing with big problems and why’ (Cradle Coast Interviewee 1). There are differences in views about whether the Representatives Group has strengthened relationships between the Local Councils. One Local Government member argued that there was greater trust between Councils and more sharing of information. ‘Beforehand you’d probably only meet when you wanted something that was mutually beneficial this time you would meet as a group and something would come up come ‘oh you guys are doing that, we’re doing this’ so there was an opportunity to discuss ideas and be more aware about what each Council was doing, which wasn’t there before’ (Cradle Coast Interviewee 5). Another representative cited a weaker relationship between Councils because Mayors no longer got together on a regular basis. ‘You don’t get all the Mayors being the representatives on the Cradle Coast group, you get a mix of General Managers and other Councillors as well, so I think from a Local Government perspective we’ve probably gone backwards on that score’ (Cradle Coast Interviewee 8).

Alongside these formal partnership structures, informal techniques associated with building and maintain personal relationships also enhance collective efficacy. Respondents emphasise the importance of strong personal relationships in the region. ‘It’s very apparent very early that you’re on an island and there’s very few people, and there’s very few resources, and piss someone off today you’re going to need something off them tomorrow’ (Cradle Coast Interviewee 1). Interviewees argued that the Executive Chairman plays a critical role in the formation of collective efficacy between the CCA and other key stakeholders. The Executive Chairman of the Authority had a broad role that included chairing the Board of the CCA (albeit as a non-voting member), being the Chief Executive Officer (CEO) of the Authority (including line management responsibility for staff), and acting as spokesperson for the Authority on all policy and operational matters (Cradle Coast Interviewee 1). One Board member saw this broad role in a positive sense because it enables one person to represent the Authority (Cradle Coast

Interviewee 7). The high profile role of the Executive Chairman also has its risks, and some respondents could see negative consequences in terms of a 'lack of trust' amongst stakeholders because too much power was vested in one person and there was a lack of a collaborative approach (Cradle Coast Interviewee 2). 'I think that is one of the risks with the model as it is now and how it is manifest in a high profile public figure who is outspoken and you know regional communities are really good at knocking down tall poppies, it's very difficult to manage that' (Cradle Coast Interviewee 2).

The Executive Chairman plays a critical role in the formation of collective efficacy by performing the role of an independent broker. The Executive Chairman meets regularly with key organisations from across the region. This is an opportunity to discuss issues and identify tasks that need to be 'sorted out' immediately or in the longer term (Cradle Coast Interviewee 3). These meetings and conversations also help to ensure there were 'no surprises' for key organisations and interests - State Government, the University, or the Federal Government – and this was critical in maintaining confidence and trust in the Authority (Cradle Coast Interviewee 1). The Executive Chairman has built and maintained a range of contacts amongst senior levels of the State and Federal bureaucracy, which other organisations in the region had been able to tap into:

'The CCA has a very good set of networks. And this may be, as it always is in these cases, there is a measure of distinguishing the leadership characteristics and personalities and you'd know in regional development that personalities become really important and [the Executive Chairman] has one of those personalities that enables him to conduct himself in a very politically savvy kind of way. As a consequence I like to talk to him, he is pretty much across the politics whether it's interaction across the Federal Government or whether its interaction across the State Government and the Local players. But particularly that kinds of upwards stuff he has been especially good at some of that' (Cradle Coast Interviewee 3)

Most respondents argued that the Executive Chairman is collaborative and inclusive with key stakeholders – particularly when dealing with the State and Federal Governments.

The skills and capabilities of the Executive Chairman – in terms of negotiation, emotional intelligence, knowledge of the region – are significant in the capacity of the Authority to build and maintain collective efficacy amongst decision makers. Interviewees recognise that managing an organisation like the Authority is a complex task because of the diversity of work involved and the need to manage stakeholder relationships. Staff, Board members and shareholders generally had confidence in the capacity of the Executive Chairperson to undertake these tasks - ‘I’m personally very impressed, I think it’s important in any organisation to have a good CEO, and [he] is a good CEO, and I have confidence in that’ (Cradle Coast Interviewee 5). In the following section I will examine how the CCA has utilised this collective efficacy as a platform to plan and coordinate the allocation of resources to promote regional development.

9.2 Building Political Capital

9.2.1 Outcome – Building political capital

Interviewees agreed that the critical role of the Authority is its capacity to set priorities at a regional level with a medium to long term perspective. Two examples of where the Authority undertook this role is the *Partnership Agreement Program* and the *SRP*. The priorities established through these planning processes seek to address issues raised in the previous chapter, in terms of investing in human and environmental capital and the regions industrial strengths in tourism and food manufacturing. The key themes and major initiatives of this Partnership Agreement are set out in Table 5.

Table 5: Summary of the Cradle Coast Authority Partnership Agreement (2001)

Theme	Summary of actions
Regional Infrastructure Priorities	<ul style="list-style-type: none"> • Develop a priority list for infrastructure investment to increase tourism related development
Economic Development	<ul style="list-style-type: none"> • Initiatives to support food value adding industries and also wind farm manufacturing
Tourism	<ul style="list-style-type: none"> • Supporting a regional approach to tourism

	development and branding
Transport	<ul style="list-style-type: none"> • Implementation of a road and public transport strategy for the region
Environmental Planning and Land Management	<ul style="list-style-type: none"> • Supporting a regional approach to waste management and natural resource management
Family and Business Migration	<ul style="list-style-type: none"> • Delivering initiatives that help attract migrants to the region
Regional Sports and Cultural Plan	<ul style="list-style-type: none"> • A regional approach to planning for sport and recreation provision
Regional Cultural Plan	<ul style="list-style-type: none"> • Strategy to capitalise upon the regions cultural assets
Education	<ul style="list-style-type: none"> • Initiatives to increase participation, retention and achievement in school and post-secondary education

Source: Government of Tasmania (2001)

The themes of the *Partnership Agreement* focus on economic factors and include some social and environmental issues. They are closely aligned with the region's assets, which as we saw in Chapter 8 consists primarily of its environmental capital. As Bellamy et al (2003) and Eversole and Martin (2005) argue, regional development policy is moving toward broader conceptions of well-being. The *SRP* also allocates funding to invest in the regionally based assets identified in Chapter 8 including declining human capital, stocks of environmental capital and the health of industries that capitalise upon these assets. These priorities are:

- Participation in education, employment and training
- Investment in existing growth industries - Tourism
- Value-adding of traditional industries - Food processing and Windfarms
- Natural Resource Management
- Family and Business Migration (CCA 2002).

The CCA did not have an overarching plan to guide priority setting and the coordination of resources at a regional scale. Instead, the CCA has a number of planning documents

across different functional areas such as the *Sustainable Regions Investment Plan*, the *Partnership Agreement* with the State Government, a *Regional Transport Plan* and a plan for the Tarkine Wilderness Area (CCA 2002, 2003, 2006 and 2008). Interviewees argue that these plans are complementary to each other (Cradle Coast Interviewee 1). The *Regional Land Use Strategy* is cited as an example of this integration because it also incorporates priorities of other Strategic Planning documents overseen by the CCA such as the Natural Resource Management and Transport Infrastructure Plans (CCA 2008a). Rather than a 10-year vision made up of ‘motherhood statements’ these various planning documents constituted a ‘strategic plan’ for the region (Cradle Coast Interviewee 1). This approach to regional planning is contested. Some interviewees saw the lack of an overarching strategic plan as a problem because it meant the role of the CCA was uncertain, and that it became a reactive rather than proactive organisation (Cradle Coast Interviewees 6 & 8). Suggested solutions include a review of the Authority and its role and the Board setting a smaller number of concrete priorities to focus on in the medium term (Cradle Coast Interviewees 6 & 8).

The Authority utilised an opportunistic and dialogic methodology to strategic planning and priority setting. This indicates that economic changes that are exogenous to the region shape the formation of political capital and that this resource is also dependent upon the political authority of State and Federal Governments. Change and growth in the Authority’s functions over time is described as ‘organic in that a mix of...self determination and opportunism, and often the two things together’ (Cradle Coast Interviewee 1). Board members and local government representatives acknowledged that the Authority has evolved in ways they ‘didn’t foresee’ when it was established (Cradle Coast Interviewee 7). This approach meant the CCA had to take a proactive stance on some issues, trying to marshal support to take action, and be open to strategic opportunities when they arose. ‘We’re prepared for relevant opportunities when they arise - sometimes we may be able to create them, other times we’re just going to have to wait until they come along’ (Cradle Coast Interviewee 1). The CCA saw itself as being able to respond proactively to emerging risks and opportunities:

‘The big thing for a region like this is to be able to respond well to externalities. Opportunities and threats, or changes in conditions, and I think that’s the real at the real core of the value of what the Cradle Coast Authority is there is a regional entity, a capability to, with a certain amount of process or structure or professionalism or insight, help the region respond to things, see things coming, fewer surprises, you know stability, more positive things than negative happening. Now sometimes we can create opportunity, get something, and do something ourselves’ (Cradle Coast Interviewee 1).

These emerging risks and opportunities are shaped by policy changes at Federal and State Government levels. The Authority’s approach to regional planning and priority setting is also driven, in part, by a lack of certainty in future revenue streams. This indicates that structural political capital is shaped by the policy decisions of State and Federal Governments. Funding uncertainty means that the Authority cannot be sure about the future resources it may be able to allocate. ‘We [the CCA] didn’t have an annual income of millions of dollars from rates that we could then start allocating to range of tasks, building activity and sending it off’ (Cradle Coast Interviewee 1). The Authority’s core operating funds are tied to funding the ongoing positions of the Executive Chairman and Administrative Support Staff. The Executive Chairman also has a strong view that because of its small budget the Authority needs to be flexible enough to respond to emerging opportunities (Cradle Coast Interviewee 2). Most of the Authority’s revenue streams are tied to particular programmatic functions like Tourism, NRM and Education. This means that external agencies in the State and Federal Government can exert control over the strategic direction and operations of the Authority. Having identified this opportunistic approach to regional planning and priority setting the following section will examine the techniques used by the CCA to implement this approach.

9.2.2 Techniques – Building Political Capital

The authority exercised by the Board and the personal attributes of board members are important components of instrumental political capital, and a key factor in setting regional priorities. The Board plays a critical role in overseeing the CCA’s opportunistic

and dialogic approach to planning and priority setting, and helps mediate and overcome the material interests of the individual Local Councils. In its first few years the Authority had a small number of senior staff and as a result relied strongly on the business planning experience and skills of board members (Cradle Coast Interviewee 2). The board members also had a strong interest in setting the strategic direction of the Authority:

‘There has been a few occasions where I’ve said to the Board we need to sit down and dedicate a planning session to how we develop our business etc. They said no, you’re the manager, you manage that, what we want to do is hear from Saul Eslake [then Chief Economist for the ANZ Banking Group] and head of the Department of Economic Development, State Treasury and the University about what are the types of issues that are facing this region that we need to solve. So the Board I think is very well focused on the strategic...regional role of the Authority and the things it needs to address to achieve progress for the region’ (Cradle Coast Interviewee 1)

The Board takes an active role in shaping the direction of the Authority and has the right mix of people and expertise on it to undertake this role (Cradle Coast Interviewee 7). Interviewees argued that successful attributes of the Board as a whole and individual members included – no political ambitions, a good mix of technical and social skills, profile in the broader community, strong connections with business, political and bureaucratic leaders, knowledge of the region’s history, and a good chairperson (Cradle Coast Interviewee 11 & 12). Planning and priority setting is done in an open and democratic fashion, with everyone on the Board having the opportunity to have a say (Cradle Coast Interviewee 11). This compares favorably to the more ‘political’ operations of the representative group which struggled to see the region ‘strategically’ (Cradle Coast Interviewee 11 & 12). The representative group has difficulty with the sometimes adversarial relationships between the Local Councils.

This approach is supported by criteria developed by staff at the CCA. These are designed to identify opportunities that other levels of government are not addressing:

'Is it something which is of regional significance, as opposed to local or state. Is it someone else's job, are we duplicating? Is it a thing which can address some of the core issues affecting our region?' (Cradle Coast Interviewee 1).

A number of the Board members were members of the voluntary association Rotary and they had suggested this approach, which was based on a similar process they had used in that organisation (Cradle Coast Interviewee 1). Decisions about the allocation of resources – for example in weighing up grant applications – are made using a ranking system. This decision making tool has been developed by the Authority's staff – 'for the purposes of giving the board a tool I called this the "rankulator" and you know each of these sorts of, criteria had a certain number of points, and you go score each proposal against those points, and you just see how they stack up at the end of the day' Cradle Coast Interviewee 1). The 'rankulator' is not definitive and it is used as a guide for decision making with most decisions being the subject of discussion amongst board members (Cradle Coast Interviewee 1). This approach is also used to set priorities in the Authority's Annual Plans – although it is recognised that if funding became available outside of these priorities these opportunities would be taken up (Cradle Coast Interviewee 1).

The selection, use and analysis of evidence are also important forms of instrumental political capital. The Executive Chairman is 'very keen on collecting data, and frustrated by the lack of data or lack of capacity to interpret the data - it's fair to say we were relatively evidence based in that sort of way' (Cradle Coast Interviewee 2). The Authority also takes an opportunistic approach to data collection by building on what had already been done in the region. The Executive Chairman plays a lead role in gathering this evidence and an inclusive approach to gathering evidence and setting priorities was not considered important. The Executive Chairman begins the process of setting priorities by collecting all the existing research literature about the region. At that time the State Government was also conducting 'Tasmania Together' consultations, which were designed to enable community input into the development of a vision and strategic plan

for Tasmania. The Authority was able to access this primary data through a Board Member who was involved in this process:

‘One of our Board members was a part of the organizing board or structure for this part of Tasmania participating in that so what I was able to get was the raw data from all of the community consultations that had been done in this part of Tasmania, just all the butchers paper... you know they had hundreds and hundreds of people in these community hall meetings, what’s good about Tasmania, what’s bad about it, what’s good about it, what we need to fix, how do we move on. Where do we want to be in 20 years time, all that sort of stuff’ (Cradle Coast Interviewee 1)

The Authority undertook a content analysis of this existing research and primary qualitative data to identify common themes. These themes were then verified against available quantitative data. ‘Some very very clear themes that just kept coming up again and again and again that were backed up by data - future for young people, education for jobs, tourism seemed to be very important, agriculture and our water resources were seen as massive’ (Cradle Coast Interviewee 1). The Executive Chairman then took the Board away for a planning retreat with this analysis and it was decided to base future action on these themes rather than go out and do further community consultation (Cradle Coast Interviewee 1). The decisions made by the Board about these priorities were not entirely based upon this analysis ‘I think some of the work that we did was experimental based on our own understanding of the region, but this was moderated by a good look at what had already been written’ (Cradle Coast Interviewee 2). From this process came a broad social, economic and environmental policy framework for the Authority and this evolved over time:

‘What I was seeing was a series of social, environmental and economic type bottom line very clunky, ESD type, framework there, and that I was filling in the spaces where I could, where there was a need and an opportunity and we were the right organisation to do it, to start filling in those gaps’ (Cradle Coast Interviewee 1)

In the following section of this chapter I examine how the CCA has applied collective efficacy and political capital within a particular functional area to stimulate development in the region.

9.3 Tourism Industry Development

9.3.1 Overview

In this sub-section I provide some contextual information about tourism industry development work in the region. The Tasmanian State Government - like other State Governments in Australia - has its own agency dedicated to promoting Tasmania as a place to visit. The State Government takes a regional approach to branding and splits the North West Region into the 'North- West Coast' and the 'Western Wilderness' (Tasmanian Government 2008). Historically, Local Councils in the Cradle Coast region have undertaken work in tourism marketing, supporting local tourism associations and operating visitor centres to support the industry development in their own jurisdictions. There is evidence of strong pre-existing networks between Local Councils and the tourism firms in their local area. When the Authority was established, officers from Local Councils and chairpersons of local tourism associations were the first people contacted by the CCA in regards to the tourism sector and as a door opener to engaging with business:

'Whether [it was] the Ulverstone local tourist association or the Devonport City Council's marketing officer, it was basically saying, "Who do you talk to? How many people do you talk to on a monthly basis? If we talk to you, can you then talk to them? And we'll come and talk at your association' (Cradle Coast Interviewee 6)

Before the establishment of the Authority, Local Councils had also cooperated in tourism marketing. However, the competitive interests of individual Councils reduced the capacity for regional collaboration. The Councils had established a *Regional Tourism Association* as company limited by guarantee and employed two people to run it - about 20 people from across the Councils contributed a small amount of money each year to

promote the region (Cradle Coast Interviewee 1). This cooperative arrangement was described as 'disastrous' because of the difficulties created in getting agreement between Councils on tourism marketing with the amount of interests involved (Cradle Coast Interviewee 1). When the CCA was established the company was wound up and the functions folded into the work of the Authority.

9.3.2 Strategic Responses of the CCA

In this section of the chapter I evaluate how the CCA has generated collective efficacy and political capital and applied these resources to create and enhance value within the tourism industry in the region. The purpose of the Authority's tourism development work is to attract more people from other parts of Australia and overseas to visit and spend time in the region (CCA 2007). A key strategy of the Authority in tourism development is to enhance collective efficacy amongst key stakeholders in the region. This outcome is achieved by building and maintaining relationships with key tourism intermediaries in the region such as Local Tourism Associations that worked directly with the tourism operators:

'I think probably the first thing we did was find those people that we needed to communicate with. Now, whether they were chairmen of local tourism associations or they were council employees with a tourism portfolio, I realised fairly quickly that as a small group of people, we didn't have the human or financial resources to communicate one-on-one with every operator on a regular basis, and if we did, then we simply wouldn't get anything achieved. My primary responsibility was to find ways to communicate with the industry through others, not through ourselves, and to use those networks and those communication channels to communicate backwards and forwards between us and the operator' (Cradle Coast Interviewee 6)

This cooperative approach with Local Governments improves the efficiency and effectiveness of tourism policy across the region - 'sharing resources, sharing skills, reducing the economic cost or burden on individual councils because they're sharing

things' (Cradle Coast Interviewee 6). This finding supports the argument made by the Productivity Commission (2003) that social networks, shared norms and trust can improve the efficacy of public administration by facilitating the spread of knowledge, promoting cooperative behaviour and reducing transaction costs.

Collective efficacy is associated with enhancing value by increasing flows of knowledge about product development and good business practices and increasing opportunities for businesses to share this information. The CCA convenes an annual tourism forum that provides a means for people working in tourism firms to network and discuss common issues. This relationship building has helped develop a 'level of trust' amongst tourism operators and had begun to yield results in the improved performance of tourism firms (Cradle Coast Interviewee 6). The Authority receives positive feedback from firms in terms of the exchange of information and new ideas through its networking events. 'It was wonderful to spend an hour talking to five operators who are dealing with exactly the same problems I've got, and I thought I was on my own' (Cradle Coast Interviewee 6). The CCA focuses on building the capacity of the tourism industry so the experience of visitors to the region is improved. 'We focused very strongly for the first few years on this concept of developing the product and experiences within the region, trying to guarantee or commit to the promise that we were putting into the marketplace' (Cradle Coast Interviewee 6).

Political capital has been formed and underpins a regional approach to tourism planning. Tourism planning and resource allocation decisions are based on the criteria of 'overall benefit of the region' rather than competitive bids between the nine Councils, or the larger Councils dominating funding allocations (Cradle Coast Interviewees 2 & 12). The Tourism area has been able to develop a cooperative approach to solving problems based around this shared regional interest:

'We have to provide that leadership and direction and guidance, but we have to work with industry. We have to be seen to be working effectively with all of those so

that everybody realises that this is a shared, a cooperative approach to achieve a positive outcome' (Cradle Coast Interviewee 6).

Political capital has also yielded benefits in terms of value creation by enabling quicker and better quality responses to opportunities for external funding. In 2001 the Labor State Government announced \$60 million in infrastructure funding for the North West and Western region. The Authority was able to coordinate a response between Councils about the top infrastructure priorities for the region. The State Government saw the CCA as a 'useful conduit' for setting regional priorities and delivering these investments (Cradle Coast Interviewee 9). This shared regional interest is also evident in approaches to tourism branding and marketing. Interviewees from the CCA felt that the performance of tourism businesses had improved in the region and now focus has shifted to marketing:

'We've now re-entered that marketing arena as a consequence of [improving performance]. We can deliver a message to our consumers with far more confidence, and so we've re-entered that arena and are now part of that competitive marketing ethos, which is what regional tourism is all about' (Cradle Coast Interviewee 6).

This includes a website developed by the CCA that coordinates information for people intending to visit the region (Cradle Coast Authority 2009).

The Board of the CCA plays an important role in political capital formation by helping to overcome the material interests of Councils. Interviewees who worked at the Authority reported to the Board at its monthly meetings and used these meetings to develop an understanding of the work they were doing. 'You still know that the board is influential and they want to know what's going on and they want to be part of the decision-making process' (Cradle Coast Interviewee 6). The Board helped overcome the interests of Councils:

'We use them [the Board] when we need to and when we know that there's going to be some dramas or some issues with local government or whatever. And you know that local government will stand there and belt the shit out of me [mentioned 2 names of workers at the CCA] and whoever else. And suddenly you see 2 or 3 selective board members around us. You know that they will see those Board members and go, "They're fairly important, influential people." So it's not a board of mugs. It's a Board of people who've got some clout (Cradle Coast Interviewee 6)

9.4 Conclusion

The purpose of this chapter has been to examine the role of the CCA in promoting economic development in Tasmania's West North-West region. I addressed the following subsidiary research question: What type of value is generated by partnerships, and how are these resources associated with the economic development of regions? Partnerships enhance collective efficacy and build political capital, and these resources are applied to create and enhance value.

The CCA has maintained and generated collective efficacy amongst leaders of the Local Councils, business and the State and Federal Governments. This collective efficacy supports a community of senior decision-makers, which enables the flow of strategic information between them. I found that formal administrative arrangements – the Board, Representatives Group and Project committees – provide the hard infrastructure that supports this community. The Executive Chairman plays a critical role as an independent broker who can build and maintain the personal relationships that underpin these networks. Personal skills and perceived attributes such as emotional intelligence, mediation and the ability to communicate are important. The scope of this brokering role is limited because Councils still exert their material interests through the Representatives Group and the Board; and the CCA lacked public legitimacy to develop alternative bases of power to broaden its role. These findings support the proposition that partnerships generate collective efficacy, and helps develop more detailed knowledge about the specific techniques that develop it. This collective efficacy is restricted to a community of civic and business leaders and does not transform pre-existing political and economic

structures within the region. Although limited by these constraints the CCA supports a community of decision makers who have the confidence to work together to address the issues identified in the previous chapter and promote regional development.

This collective efficacy gives institutional actors in the region the capability to articulate a shared interest about the regions advantages. This political capital is defined through the regional plans that are produced by the CCA. The CCA has been able to mobilise this community of civic and business leaders to develop a shared understanding about the regions advantages and what investments are needed to enhance them through initiatives such as the *SRP*. This finding partially supports the proposition that partnerships generate political capital by developing a regional plan. An addition, is the finding that the CCA employs an opportunistic and dialogic approach to regional planning and priority setting, and as a result has multiple regional plans. The opportunities to develop these plans emerge because of policy changes at a State and Federal Government level, which provided the resources to undertake this work. This approach is also a reflection of a need to attract program funding because of the Authority's insecure resource base. I argue this shows that structural political capital is shaped by an alliance of business and civic leaders rather than being inclusive of a broad set of organisations and interests within the region. This supports the arguments made by Hudson (2007) that the regional interest tends to be determined by an alliance between civic leaders and business interests. Within these constraints the Board of the CCA plays an important role in brokering agreement amongst the Local Councils. Priorities are filtered through a decision making process by the Board that is based around questions such as:

- Is it of regional significance (as opposed to Local Councils or State-wide)?
- Is it someone else's role and is the partnership duplicating?
- Does it connect with key issues affecting the region?

Research and analysis plays an important component of instrumental political capital and institutional actors use this information to develop answers to these questions.

The final section of the chapter examined how the CCA applies collective efficacy and political capital to create and enhance value within the tourism sector. The Authority has enhanced collective efficacy within the tourism sector and this improves flows of knowledge between firms, intermediaries and with government. Stronger social networks, shared norms and trust are associated with more efficient and effective policy making, and value enhancement within the tourism sector. The CCA has been able to use this collective efficacy as a platform to generate political capital and this provides the basis for tourism planning and resource allocation at a regional scale. Political capital allows the CCA to work on behalf of a range of institutional actors to attract resources and invest in regionally identified priorities, which in this case has helped overcome competition between Local Councils in the region for these resources. Political capital also enables a regional approach to marketing and branding as a means of attracting more visitors to the region. I argue this shows that political capital is associated with value creation because it has allowed the region to attract resources (Coe et al 2004). My analysis shows that partnerships like the CCA are important in forming institutional structures that can create and enhance value to promote regional development. In the following chapter I will apply the theoretical framework I have developed to examine the UK case study.

10 INTRODUCING THE EAST MIDLANDS DEVELOPMENT AGENCY AND LEICESTERSHIRE ECONOMIC PARTNERSHIP

10.0 Introduction

The purpose of this chapter is to provide background information about the EMDA and the LSEP. These are partnerships that coordinate decision making about economic development at a regional and sub-regional scale. I begin the chapter by providing information about demographic and economic trends in the East Midlands and Leicestershire. The East Midlands and Leicestershire regions have experienced loss of industry and employment and match the industrial restructuring criteria I established in Chapter 5. The EMDA and the LSEP have been established to help adapt to these changes. In the second part of the chapter I provide an overview of EMDA and then LSEP including their origins, governance and key areas of work. They match the definition of a regional partnership, which as we saw in Chapter 4 is an organisation that plans and coordinates the allocation of resources in particular geographic areas.

10.1 Background to the East Midlands and Leicestershire

10.1.1 East Midlands

In this section of the chapter I will provide some background demographic and economic information about the East Midlands. This encompasses:

- Demographic Trends and Population Settlement
- Comparative Advantages and Industrial Strengths
- Industrial Restructuring.

Demographic Trends and Population Settlement

The East Midlands is to the north of London and covers six counties – Derbyshire, Leicestershire, Lincolnshire, Nottinghamshire, Northamptonshire, and Rutland (Figure 3).

Figure 3: The East Midlands Region

Source: Government Office for the East Midlands (2009)

The region is defined by administrative boundaries established by the UK Government. One interviewee indicated that the region's boundaries were first established to define a military defence and recruiting district for World War I (East Midlands Interviewee 1). Stobart (2001) argues that the regions administrative boundaries do not reflect patterns of economic and social activity in the region, which are more localized and based around cities such as Derby and Nottingham. Interviewees from EMDA recognise that people in the region do not belong to a regional community that has a coherent identity and sense of belonging:

'One of the problems we had in 1999 is if you're from Yorkshire, you're from Yorkshire. If you're from Lancashire, you're not really from Manchester or Liverpool, you're from Lancashire. People don't necessarily call themselves East Mid-landers – well, they didn't. You're from Nottingham, you're from Derby or you're from Leicester. You know - all the different parts. I think there's more of an East Midlands feel but I think we are still focused on our county boundaries. One of our jobs is to change that, but we still are quite County focused' (East Midlands Interviewee 2)

Interviewee 3 argues that the East Midlands is made up of a number of smaller city-regions clustered around Leicester, Nottingham and Derby whilst Northampton looked toward London and the South-East (East Midlands Interviewee 3). Across the East Midlands region communities existed at a neighbourhood scale, in cities, rural areas, counties, amongst population and interest groups (East Midlands Interviewees 3, 4 & 5).

The key cities in the region are Derby, Nottingham, Leicester and Lincoln. Leicester, Nottingham and Derby grew strongly in the eighteenth and nineteenth centuries as Britain industrialized (Stobart 2001). In 2006 the region had an estimated population of 4.3 million, which was 7 per cent of the UK total (EMDA 2006). The population of the region is ageing and this is spatially concentrated within rural areas where young people are migrating to the cities (EMDA 2006). Nine per cent of people in the region describe themselves as from an ethnic minority and this is also spatially concentrated. In 2001, 39 per cent of the population in Leicester were from an ethnic minority, with the majority being of Indian and Bangladeshi origin.

Comparative Advantages and Industrial Strengths

The region's economic strengths lie in its natural endowments, geographic proximity to major population centers in the UK and Europe, and a high quality transport network. The northern part of the region had major coal deposits which from the late eighteenth century began to be exploited for industrial use. Since this time the region has also had a high quality transport network to link producers to markets. This began in the eighteenth

century when canals were constructed, which linked the River Derwent and River Trent to create a way of linking supply chains for manufacturing (Stobart 2001). By the mid-nineteenth century railways were beginning to be built – initially to transport coal - which linked the region to the northern part of England and also to London and the South East (Stobart 2001).

Historically the region has relied upon commodity production through agriculture and mining. The region has a variety of agricultural production including crops, beef and dairy (EMDA 2006). Since the nineteenth century these agricultural producers have been closely linked to London rather than local or regional markets (Stobart 2001). Coal production accelerated in the early part of the nineteenth century and was concentrated in the northern parts of the region (Stobart 2001). During the industrial revolution in the eighteenth and nineteenth centuries the region became a center for manufacturing – particularly clothing and textiles. Leicester was a center for woolen hosiery manufacturing, Nottingham for cotton hosiery and lacemaking, and Derby for china works and silk hosiery (Stobart 2001). The region continues to have a strong manufacturing base which accounts for 23 per cent of gross regional product (GRP), 95 per cent of the regions exports, and employs more than 300,000 people (EMDA 2006: 40).

Industrial restructuring

The East Midlands matches my criteria as a region which is experiencing industrial restructuring and disadvantage. Manufacturing industries have experienced a long period of restructuring. Production and employment in manufacturing has declined since the 1960s, and many of the coal mines in the region were closed in the 1980s (MT – Interview). Low skilled work associated with the clothing and textiles industry has declined rapidly (Leicester Partnership 2006). Retail and service industries have experienced growth over this time. These industrial changes have left a legacy of low skilled and low paid work in the region (EMDA 2006). Incomes in the region are lower than the UK average and it has a larger proportion of people with no education qualifications (EMDA 2006). Disadvantage in the region is concentrated within particular

areas that relied upon manufacturing and mining for employment. The most deprived areas in the region are located within the major cities (e.g. neighbourhoods within Derby and Leicester), former coal mining areas in the north of the region and isolated parts of Lincolnshire.

10.1.2 Leicestershire

In this section of the chapter I will provide some background demographic and economic information about Leicestershire. This encompasses:

- Demographic Trends and Population Settlement
- Comparative Advantages and Industrial Strengths
- Industrial Restructuring.

Demographic Trends and Population Settlement

Leicestershire is a county situated in the middle of the East Midlands Region with a population of 915,800 (Leicestershire County Council 2009). The major population centre within the shire is Leicester with 280,000 people (Leicestershire County Council 2009). There are also a range of smaller urban settlements within the County such as Melton Mowbray with 25,500 people (Leicestershire County Council 2009a). The region is defined by administrative boundaries of Leicestershire County Council. There is a two tiered system of Local Government in the United Kingdom. There are larger unitary authorities and smaller district Councils. The unitary authorities within Leicestershire are the Leicestershire County Council and Leicester City Council. There are seven district Councils within the Shire. The major urban centers that make up the region are identified in Figure 4.

Figure 4: Leicestershire – major urban centers

Source:

As we saw in the previous section Leicestershire has a high proportion of people who identify themselves as coming from an ethnic minority. The city of Leicester has over 240 faith groups from at least 14 different religions (Leicester Partnership 2008).

Comparative advantages and Industrial Strengths

The comparative advantages of Leicestershire are similar to the East Midlands, which as we saw in the previous section of this chapter is its natural endowments, geographic proximity to major population centers in the UK and Europe, and a high quality transport network. The region has good rail links to the north and south of the country. There are high speed rail services from Leicester to Sheffield and London – Brussels and Paris are accessible within four hours (LSEP 2008). Road links are also good and the main national highway in the UK – the M1 – runs adjacent to Leicester. The East Midlands Airport is located in the region and is a major passenger and freight terminal in a national

context (LSEP 2008). The region also has three large universities – the University of Leicester, Loughborough University and De Montfort University - and interviewees defined them as a key economic asset. These institutions attract students to the region, provide knowledge, training and skills development, and also generate economic opportunities through partnerships with business (East Midlands Interviewees 6 & 9).

The strength of the Leicestershire economy has traditionally been in manufacturing of clothing and textiles products. The largest employer in Leicester is manufacturing (24.6 per cent of the workforce) followed by retail trade (18.7 per cent) and health and social work (11.7 per cent) (City of Leicester 2009). Leicestershire has not kept pace with the UK average in growing knowledge-based services, which has been a high growth sector for the national economy (LSEP 2008). The transport and logistics sector has grown strongly in Leicestershire because of the access to quality transport infrastructure (LSEP 2008). As rail and road infrastructure has improved the region has become a place for people to live and commute into London – particularly high income workers residing in market towns such as Melton Mowbray (East Midlands Interviewee 7). These towns have lower housing costs, less congestion and better access to services and recreational opportunities than the larger cities and London (LSEP 2008, East Midlands Interviewee 7).

Industrial Restructuring

Over the last 25 years employment in the manufacturing sector has declined - employment in the textiles industry declined by 60 per cent between 2001 and 2006 (Leicester Partnership 2006, LSEP 2008). Incomes in the shire remain below the national average for the UK, and nearly double the national average of people claim social security benefits (LSEP 2006, Leicester Partnership 2008). Poverty and disadvantage is concentrated within the City of Leicester which is ranked as the 29th most deprived local authority in England whilst Leicestershire ranks 136 (out of a total 149 local authority areas) (Leicestershire County Council 2005). Between 2000 and 2004 the number of people employed grew in Leicestershire by 13,000 and most of this growth occurred in the retail and services sectors (LSEP 2006). The LSEP argues that employment in

manufacturing industries like textiles and engineering will continue to decline (LSEP 2008).

10.2 Overview of EMDA and the LSEP

10.2.1 East Midlands Development Agency

In this section of the chapter I will provide background information about the role of EMDA in promoting regional economic development. This encompasses:

- Origins of EMDA
- Structure and Functions.

Origins of EMDA

EMDA is one of the nine Regional Development Agencies (RDAs) established by the UK Labor Government led at that time by Tony Blair in 1999 (EMDA 2009). The Labour Government was elected in 1997 with a regional development policy that continued a focus on working with stakeholders to regenerate regional economies. A White Paper – *Your Region, Your Choice* was released in 1997, which proposed the establishment of regional agencies to undertake this work, followed by democratically elected assemblies in each region. In 1999 the Labour Government established nine Regional Development Authorities (RDAs) across England under an Act of Parliament. The Regional Development Agencies Act (1998) specifies five statutory purposes for the RDAs:

- To further economic development and regeneration
- To promote business efficiency, investment and competitiveness
- To promote employment
- To enhance development and application of skill relevant to employment
- To contribute to sustainable development (Office of Public Sector Information 2009).

Structure and Functions

The RDA Act (1998) specifies that each RDA must be overseen by a Board and produce a strategy to achieve its purposes. The Board of each RDA is appointed by the Secretary

of State overseeing the department responsible for the RDA Act. These board members are to be representative of local authorities, employers, and employees within the region. Representatives of the business community are the majority of the current board of EMDA. The Chair and Deputy Chair of the board of EMDA are business people in the region. Of the other thirteen members – five are business people, four are Local Councillors, and one each represents universities, the community sector, Trade Unions and the UK Government. EMDA is also required to develop an economic strategy in relation to these statutory purposes and consult within the region to develop it. Three Regional Economic Strategies have been released by EMDA - in 1999, 2003 and 2006. The latest Regional Economic Strategy – *A Flourishing Region* – is organised around three themes and ten strategic priorities (Table 6).

Table 6: Regional Economic Strategy (2006) - themes and strategic priorities

Raising Productivity	Ensuring Sustainability	Achieving Equality
<ul style="list-style-type: none"> • Employment, learning and skills • Enterprise and Business Support • Innovation 	<ul style="list-style-type: none"> • Transport and logistics • Energy and Resources • Environmental Protection • Land and Development 	<ul style="list-style-type: none"> • Cohesive Communities • Economic Renewal • Economic Inclusion

Source: EMDA (2006)

The development of this strategy involved consultation with approximately 1,400 stakeholder organisations and included events to engage the broader public (EMDA 2006). EMDA will receive a total of 138 million GBP in funding to deliver initiatives that achieve these priorities for the years 2008 – 2011 (EMDA 2007). More detail about the governance and planning role of EMDA will be discussed in the following chapters.

10.2.2 Leicestershire Economic Partnership

In this section of the chapter I will provide background information about the role of LSEP in promoting regional economic development. This encompasses:

- Origins of LSEP
- Structure and Functions.

Origins of the Partnership

In 2001 EMDA decided to devolve some resources and decision making responsibility to the SSPs. These SSPs were established by EMDA to help coordinate and facilitate the delivery of economic regeneration across the East Midlands region (Intelligence East Midlands 2009). EMDA invited proposals from interested stakeholders in the region – primarily organisations representing business and Local Authorities – to put forward proposals about the geographic boundaries and membership of these sub-regional partnerships. Institutional actors in the region already had experience in partnership working through the *City Challenge* initiative established in 1992 by the Major Government to regenerate British cities, which I will examine further in the following chapter.

Structure and Functions

These existing structures and relationships helped institutional actors in the region establish the LSEP, and a shadow board of the organisation was formed in 2001 (LSEP 2009). The LSEP was formally established as a not-for-profit company and accredited by EMDA as a sub-regional partnership in September 2002. The governance and funding of the LSEP is similar to the arrangements set in place by the UK Government for EMDA. The LSEP is overseen by a board that is made up of representatives of business, third sector and government organisations in Leicestershire. The majority of board members are from the regions business community. The Chair is a local businessman in Leicester and Vice-Chair of the Board is the head of Leicester’s Chamber of Commerce. Of the 17 members of the Board – eight are from the business community, four are representatives of local government, three are from universities and schools, and one is from the third sector. The work team of the LSEP is led by a Chief Executive who is also a member of the Board.

The RES produced by EMDA establishes the policy framework that the LSEP operates within. In 2007 EMDA allocated 29 million GBP of funding over three years to the LSEP to help achieve the objectives of the RES at a sub-regional level (EMDA 2009a). The LSEP is required by EMDA to produce a three year Sub-Regional Investment Plan (SRIP) to identify how these funds will be spent. EMDA sets the output targets that the LSEP has to report on which focus on economic objectives and include job creation, business start-ups, investment in regeneration and skills development (LSEP 2006a). EMDA requires the SSPs to consult with regional stakeholders in developing initiatives to achieve these output targets. In 2008 the LSEP also released a longer term economic strategy – *Leicester 2020 – Innovative, Creative, Prosperous* (LSEP 2008). It includes the following vision ‘Leicestershire will have a prosperous, enterprising and dynamic economy, characterised by innovative businesses and creative people, developing attractive and sustainable communities’ (LSEP 2008: 1). This plan sets out the following themes to prioritise investment over the next decade:

- Climate for Innovation
- Image
- Business and enterprise
- People, employment and skills
- Infrastructure
- Sustainability – environment
- Sustainability – communities (LSEP 2008).

This economic strategy was developed in consultation with regional stakeholders, and I will examine the role of the LSEP in more detail in the following chapters.

10.3 Conclusion

In this chapter I have provided background information about the East Midlands and Leicestershire. EMDA and the LSEP met my criteria as regional partnerships operating in an area that has experienced economic restructuring and disadvantage. The UK Government has supported this partnership approach as a means to promote regional development and economic regeneration. Institutional actors in the region have come

together to support these partnerships. In the following chapters I will examine the role of EMDA and the LSEP in promoting regional development within the East Midlands and Leicestershire.

11 EAST MIDLANDS AND LEICESTERSHIRE – REGIONAL ECONOMIC CHANGE AND THE ROLE OF INSTITUTIONAL ACTORS

11.0 Introduction

The purpose of this chapter is to examine economic changes in the region, and to evaluate which actors have the resources and means to influence this change. In the first section of the chapter I address the subsidiary research question: How do forces associated with globalisation interact with the endogenous assets of different regions to generate economic change? I argue that the key industrial change in the East Midlands has been the shift from commodity production and manufacturing toward property and retail growth which is associated with the regions proximity to London and England's South-East. These changes have resulted in restructuring of the region's labour market and a division has developed between communities experiencing low wage work and high unemployment, and those communities with high incomes and relative job security. In the second part of the chapter I address the subsidiary research question: Which institutional actors have the resources and means to influence these restructuring processes? The power to shape and respond to these changes resides with the UK Government, which sets the framework for economic development and regeneration in the region. This framework reflects the interests of business and I focus on their capacity to influence decision making at a regional level at the expense of other social interests.

11.1 Industrial base and human capital

In this section of the chapter I will examine how forces associated with globalisation interact with the endogenous assets of the East Midlands and Leicestershire to generate economic change. This encompasses:

- Globalisation and industrial restructuring
- Labour market restructuring and human capital.

11.1.1 Globalisation and industrial restructuring

Increasing globalisation has had negative structural and distributional effects and the regional economy experienced decline and economic stagnation over the 1980s and

1990s. The East Midlands had experienced the negative effects of economic restructuring through the closure of mining operations, which had a deep impact upon the economic development of the region.

‘This region particularly suffered badly with the closure of the deep mines in the late ‘80s, early ‘90s. That badly affected a lot of the towns and sort of left people unemployed – not just immediately but the supply chains around that’ (East Midlands Interviewee 8).

Manufacturing has also experienced decline in Leicestershire because of greater exposure to cost pressures in countries like India and China. Leicester had been the second richest city in Europe in the early 1960s because of the prosperity of its textiles manufacturing, but this industry has declined since that time. ‘In 1963 Leicester was the second richest city in Europe...140,000 people were probably in the textile industry – that was a big driver – but things move on’ (East Midlands Interviewee 1). Since then the city had experienced economic and population decline. ‘We’ve gone through decades of negativity, probably measured nil or minus growth’ (East Midlands Interviewee 9). Manufacturing that stayed in the region tended to be the high income and specialized functions ‘the base and the heart of the organisation and the brain power is still here’ (East Midlands Interviewee 10). As Held et al (1999) and Martin and Sunley (2006) argue, globalisation can have negative distributional effects, and economic growth and decline is path dependent.

Increasing globalisation has also generated growth in the region’s economy and this growth is linked to its proximity to London. The economies of Leicester, Leicestershire and East Midlands have experienced strong growth since the mid 1990s until the economic slowdown associated with the global financial crisis in 2007 - 2008. The UK Government provided funding for urban regeneration from the early 1990s which created the opportunity to remediate industrial land and make it more attractive for private investment, and these actions had led to increased investment in retail and property (East Midlands Interviewees 1 & 5). High rates of future growth were projected for Northampton because of its proximity to London and the South-East (East Midlands

Interviewee 8). There is a risk that these areas would just become commuter towns for London and not have their own industries (East Midlands Interviewee 8). Interviewees are optimistic about the impacts of an economic slowdown, which has begun to hit the UK economy, because the local economy had a diverse range of industries. ‘We are a pretty diverse economy therefore when recession comes, or a downturn...then the risk is spread’ (East Midlands Interviewee 1). Having identified the structural and distributional impacts of increasing globalisation, in the following section I will analyse regionally based assets.

11.1.2 Regional Assets: Physical Capital and Proximity to London

The region’s key asset is its physical capital. Economies of scale in the region are connected to its existing transport and higher education infrastructure, the urban environments of market towns, and the affordability of housing compared to London. The East Midlands is also in proximity and well connected to markets in London, South-East England, and Europe ‘Well, the East-Midlands is a bit like its physical geography where it’s set sort of right in the middle of the country’ (East Midlands Interviewee 8). This physical geography gives advantages to local manufacturing, storage, freight and distribution firms. Leicestershire has similar assets, which mean that many people who work in London chose to live in villages and towns in the shire because of its relatively low housing costs and lifestyle advantages. ‘We attract people that want a pleasant market town environment but still want to work in London’ (East Midlands Interviewee 7). Environmental capital, in the form of attractive countryside landscapes, is also an important regionally based asset and this means that people are attracted to living in the region.

Geographic proximity to London is an important way for institutional actors to interpret regionally based assets, and to understand competitive advantage in a global economy. Interviewees argue that the East Midlands and Leicester are economically mid-range regions in the UK situated between the high performing economy of London and the South-East and the lower performing regions of the South-West and North. At a city level, historically, Leicester competed against and compared itself to Nottingham as a

centre of business in the region, and against cities of similar size in the UK such as Bristol (East Midlands Interviewee 9). The LSEP has run trade delegations to China and India to raise the profile of Leicestershire as an investment destination. The region had a low profile in these countries where focus was placed upon London as a destination for investment. Creating business opportunities in China and India are seen as critical to the economic future of the region (East Midlands Interviewee 6, 7 & 9). In the following section I will examine how these economic changes have impacted upon the region's labour market.

11.1.3 Human capital

These industrial changes are associated with increasing levels of unemployment that is spatially concentrated. There is a consensus amongst interviewees that unemployment and declining levels of human capital is a problem for Leicester, Leicestershire and the East Midlands. Unemployment is concentrated in parts of urban centers of the region; rural and remote areas such as the Lincolnshire coast; and in towns that were once reliant on mining (East Midlands Interviewee 2). People who are unemployed in the cities tended to belong to place-based and ethnic communities that have a large proportion of members out of the labour force for a long time and have 'very low' skill levels (East Midlands Interviewee 2 & 5).

'If you actually look at the indigenous population in Nottingham who live here, it's fairly deprived. A lot of people are on incapacity benefit and a lot of people have very low-level skills. There's almost an under-class developing and that's similar in the other cities.' (East Midlands Interviewee 8)

People who are unemployed in rural areas also face these issues, combined with barriers associated with isolation from job opportunities and support services such as child care because of poor public transport options (East Midlands Interviewee 10). Unemployment is also concentrated in areas that had been reliant on mining and manufacturing industries that have experienced decline and rapid restructuring since the 1980s.

Interviewees from EMDA and the business community agree that low skilled manufacturing work will continue to decline and that the region needs to increase employment in 'high value manufacturing or fairly knowledge intensive industries' (East Midlands Interviewee 1 & 4). Boekema et al (2000) and the OECD (2001) argue that regional competitive advantage is driven by knowledge and learning. Growing knowledge-intensive industries, particularly in urban centers, is seen by interviewees as a priority because many high income households living in the region either commute to London or live in rural areas and commute to Nottingham or Leicester (East Midlands Interviewee 8 & 10). 'We had massive out commuting which meant the residual population who live and work in the districts or the County of Rutland has a very low wage' (East Midlands Interviewee 10). There is a risk that urban centers such as Northampton will continue to grow as feeder towns for London, whilst households with high incomes will move into rural areas for lifestyle reasons, and commute into the cities (East Midlands Interviewee 8). These patterns of development would leave urban centers in the region with high levels of unemployment and reliant upon retail and service industries that would be vulnerable to economic cycles.

11.2 Role of key organisations and interests

In this section of the chapter I will examine which institutional actors have the resources and means to influence economic change in the East Midlands and Leicestershire. This encompasses:

- UK Government
- Local Authorities
- Other Institutional Actors.

11.2.1 UK Government

Since the early 1990s the UK Government has pursued strategies of devolution and democratisation to promote economic development and regeneration in the East Midlands and Leicestershire. The UK Government led by John Major initiated several programs such as the competitively based *City Challenge* initiative to regenerate British cities. City Action Teams were established in Derby, Nottingham and Leicester in the early 1990s by

the Major Government ‘which was the government’s first experiment at trying to join up different government departments and what they did at a local level’ (East Midlands Interviewee 11). In Leicester this program led to the formation of partnership between the Local Authority, the voluntary sector and business to redevelop some under-utilised land in the city centre. This was the first time these sectors had come to together to promote economic development:

‘My view is that City Challenge, apart from the regeneration work, what it did for Leicester was the first time there was actually a partnership of the three sectors coming together. Pre that there was always, and even during that process there was skepticism and the partners never worked together you had the private sector who had a particular view about the public sector, and the public sector had a view about the private sector and similarly the community sector was stuck in the middle of that debate and felt powerless. There was this, what I call a gap of leadership drive for the region, it didn’t exist. I felt that was the first, what I call a true partnership in Leicester where the public- private and the community came together to drive the agenda and I think that became the fore runner of everything else that has followed since’ (East Midlands Interviewee 6)

The actions of the UK Government since the early 1990s support MacLeod’s (2001) argument that the state is not in decline but is undergoing a complex restructuring of political authority. This restructuring is consistent with Jones’s (2004) observation that the state is deliberately pursuing a strategy of regionalisation.

Interviewees argue that there is ‘actually not a National UK Government Economic Strategy’ about industry and employment growth to guide their work (East Midlands Interviewees 3, 4 & 8). There is an overall goal of reducing inequalities between high performing London and the South-East and the rest of England (East Midlands Interviewees 4 & 8). The policy framework for RDAs to undertake this work is set by the UK Government through the Departments of Business, Enterprise and Regulatory Reform (BERR) and Local Government and Communities (DLGC) (East Midlands

Interviewees 4 & 8). The logic of this policy framework supports the arguments made by Deas and Lord (2006) about the downward and outward restructuring of the State. Democratisation is evident through the emphasis upon giving local and regional communities more of a say in decision making and the allocation of resources (East Midlands Interviewee 2). ‘The Labour Party in opposition in the mid ‘90s really were talking about giving more say to the regions, rather than solutions being forced upon regions at a national level’ (East Midlands Interviewee 11). This objective became less important after the North-East region of England voted against establishing an assembly along the lines of England, Scotland and Wales. ‘As we [EMDA] have developed over the proceeding nine years, it’s less about regional government and more about regional administration around economic development’ (East Midlands Interviewee 2). Devolution of roles and responsibilities is evident in efforts to improve the effectiveness and efficiency of local and regional planning and service delivery (East Midlands Interviewee 4). This objective has become increasingly important in government policy making and helped to shape an argument that devolution and collaboration can help improve economic performance.

‘We at the region can’t have all the detailed knowledge about the local level. The local level have got that and surely its far better for us to just give them some money and say, you want to tackle economic renewal in a very localized area then, you know how to that best, you know where do to that’ (East Midlands Interviewee 4).

The UK Government’s view is that devolution has an economic payoff, and has moved away from the democratic aims of this policy agenda (Morgan 2007; Hudson 2007).

The logic of devolution and democratisation has also been applied by the Government to strengthen the planning and priority setting role of Local Authorities. In 2003 the UK Government released the *Sustainable Communities Plan*, which sets the parameters for this local planning and priority setting role (Department of Communities and Local Government 2003). Each Unitary Local Authority in the region is required to produce a

Sustainable Community Strategy through a Local Strategic Partnership (LSP). The Strategy is intended to establish a long term framework for improving quality of life and public services in the local area. This includes economic development and regeneration in the local area. The LSP is responsible for producing this strategy and includes representatives from the public, business, and voluntary sectors. In the East Midlands these reforms have led to multiple plans and agencies involved in economic development and regeneration. For example, within the geographic boundaries of Leicester and Leicestershire there are economic planning frameworks produced by the LSPs for Leicester City and Leicestershire Councils, the SSPs for Leicester and Leicestershire, the Welland and the EMDA.

After the failure of democratically elected regional government the Government decided to review roles and responsibilities for local and regional development policy in England. In 2006 the Government initiated a review of the governance of local and regional development in England - the *Sub National Review of Economic Development and Regeneration (SNR)* (Department of Business, Enterprise and Regulatory Reform 2008). The *SNR* was designed to address the large number of government agencies and overlapping responsibilities in the areas of economic development and regeneration.

'Part of the Sub National Review was that, the Government identified a need to tidy up the regeneration landscape and if you came into Leicester as a business wanting to invest, wanting to grow, wanting information about economic regeneration you could find yourself going to the LSEP, you could be going to the Leicester Regeneration Company, you could go to Leicester Promotions Ltd, you could go to EMDA, you could go to the City and within the City Council you could go to several departments. So this cluttered landscape was replicated nationally, so this was the point of the sub national review' (East Midlands Interviewee 1)

The SNR also recommended merging land use planning and economic development strategies in each region, and that Local Authorities take a stronger leadership role in economic development to ensure democratic accountability. The RDAs would take on a

more strategic role and set the policy framework for Local Authorities to undertake their new statutory obligation to assess local economic conditions (East Midlands Interviewee 4). RDAs and Local Authorities would then collaborate on aligning these planning frameworks:

‘Jointly with us [EMDA], so we can use that evidence to understand what’s going on in their areas and jointly develop evidence that better reflects the local knowledge, and then we can jointly agree with them local strategies that fit with the regional strategy. All those things make sense as do the other two pillars of the SNR about merging the strategies, no one would argue with that in principle, of course one strategy should look at the region, where we are, where we need to be’
(East Midlands Interviewee 4).

This suggests that another period of restructuring of political authority in England in response to the problems generated through RDA’s and regional assemblies is likely to take place.

Having identified the UK Government policy objectives of democratisation and devolution in the following section, I now evaluate the techniques that are used by institutional actors to implement them.

These policy changes are implemented through Ministers exercising their delegated powers and Departments maintaining them through performance management controls. Blair/ Brown Government Ministers played a critical role in establishing RDAs and the new regional development agenda in England. The leadership of the then Chancellor Gordon Brown, Secretary of State for Regional Development John Prescott, and the Secretary of the Treasury, Ed Balls were seen as critical to the establishment and subsequent growth of RDAs.

‘Gordon Brown was the Chancellor at that time and firmly believed in the RDA’s within government was the biggest advocate of the RDA’s and that was one of the

reasons the money went up so significantly over those years. But also he was committed, he interestingly, he did his PhD, not sure it was a PhD, but some work on regional economic development. He had a real interest, passion and understanding about it which was fairly deep rooted and that really helped' (East Midlands Interviewee 4).

At this time, the UK Treasury provided the lead role amongst UK Government Departments in terms of approving regional strategies and spending proposals (East Midlands Interviewee 4). Initially funding was provided from Departments separately to the RDAs and flexibility of funding was restricted (East Midlands Interviewee 3 & 4). The leadership role of Treasury was instrumental in getting Departments to merge this funding into a single fund for each RDA – called the 'Single Pot' (East Midlands Interviewees 3, 4 & 8). These reforms and the leadership role of Treasury seem to place regional development within the mainstream policy agenda of the UK Government (Mawson 2007).

Over time the direct leadership role of the Treasury has diminished. When Gordon Brown and Ed Balls left the Treasury it was seen as detrimental because their successors were not perceived as advocates for RDAs (East Midlands Interviewees 2, 3 & 4). Ministerial and Parliamentary oversight of EMDA is inconsistent. Ministers and local Westminster MPs do not have much to do with the strategic directions or operations of EMDA, and have no contact with the LSEP (East Midlands Interviewees 4 & 6). 'MPs have not been involved in scrutinizing us [EMDA]. At the moment we get MPs who don't know anything about us, and think that we're rubbish, without any evidence of that, without knowing what we've done' (East Midlands Interviewee 4). Ministers appoint the Board and endorse the Regional Economic Strategy (RES), but they are not deeply involved in the process of selecting Board members or developing the strategy. 'So formally Ministers have to sign it [the RES] off, in practice it doesn't mean a hell of a lot, but formally yes' (East Midlands Interviewee 4). There are not any mechanisms established for local MPs to be involved or oversee the work of the EMDA:

‘MPs have not been involved in scrutinizing us. They need to understand us much better, although they may be critical on the detail they will have a much better understanding of what we do and why and that can actually help rather than, at the moment we get MPs who don’t know anything about us, and think that we’re rubbish, without any evidence of that, without knowing what we’ve done’ (East Midlands Interviewee 4).

The EMDA has tried to engage local MPs through meetings at Parliament but has not received much interest. The EMDA believes that most MPs have a negative attitude towards it. ‘To most of them it’s a Quango [Quasi Autonomous Non Government Organization] they don’t really understand’ (East Midlands Interviewee 4).

Hierarchical mechanisms implemented by UK Government departments play an important role in shaping the role of the EMDA and LSEP. This constitutes the meta-governance within which regional partnerships and collaboration occurs (Whitehead 2007). The two key sponsor Departments and contributors to the Single Pot – the Department of Communities and Local Government (DCLG) and the Department of Business, Enterprise and Regulatory Reform (BERR) – have different priorities and the EMDA sometimes finds it difficult to balance them (East Midlands Interviewees 3,4 & 8). The DCLG focuses upon allocating land to build more houses whereas the BERR are focused on growing business. At times these objectives are in conflict. The Single Pot gives the EMDA more discretion over how it allocates resources (East Midlands Interviewee 3). ‘So generally speaking, we have a pretty free hand compared to other government departments where their funding is very much funneled and they’ve got very little latitude. So we do have a fair degree of freedom’ (East Midlands Interviewee 8). The Government has established a *Tasking Framework* for all RDAs as a means to control the allocation of Single Pot funds. The *Tasking Framework* sets the targets and key performance measures it had to meet (East Midlands Interviewee 4). These are also used to guide the development of its RES and to report progress back to Government (East Midlands Interviewee 3 & 4). These sponsor departments still actively exert control over the EMDAs strategic direction and investment choices:

‘The reality is that they do interfere and they do say, “Well, can you do more of this and less of that and explain this to me and why you’re doing this. This new initiative has come along, we’d like you to do that and this new initiative has come along, we’d like you to do that.” So just as we sometimes feel central government forgets some of the reason it created us and starts getting back into managing and directing and telling us what to do’ (East Midlands Interviewee 8).

Other means of control are also exerted through various forms of collaboration. Representatives of Central Government sat on a working group that oversaw the development of the RES, and met regularly with representatives from the EMDA on operational matters (East Midlands Interviewees 3, 4 & 13). For example, the Government worked directly with all RDAs through working groups to develop the SNR (East Midlands Interviewee 4). This collaboration also improves the efficacy of regional governance arrangements. Engagement allows Departments to overcome knowledge gaps, test policy ideas, and build support for change – particularly in terms of how the business community would react, and evaluating how reforms would impact stakeholders in different regions (East Midlands Interviewee 13).

In 2007 the Government decided to create a Ministerial position to represent each region in England. The role of these Ministers is not clearly stated but there seems to be an emphasis upon improving collaboration across government. ‘An important part of [the Regional Ministers’] role is to facilitate a joined up approach across government departments and agencies to enable the effective delivery of our single regional strategy’ (Government Office of the East Midlands 2009). There is little consistency across regions in how this role is evolving. ‘If you were to take the guy in the West Midlands, he has based himself in the government office two days a week and is getting involved in everything’ (East Midlands Interviewee 1). The role of the Regional Minister for the East Midlands is still being worked out:

'We have a Regional Minister now which is a new thing. That hasn't really bedded in yet, so I think we're still not sure what the actual role of the regional minister is going to be, which I think is probably a good thing but it's still early days for that yet' (East Midlands Interviewee 8)

The EMDA is optimistic that the Regional Minister could be an advocate for the region, helping to coordinate decision-making across Ministerial portfolios, and exerting influence over stakeholders such as Local Authorities (East Midlands Interviewees 2, 4 & 13). The commitment, knowledge and experience of the new Minister is critical to this optimism:

'Phil Hope is the Minister now, who is very good, very engaged, who has been involved with...for a long time, particularly with social inclusion and as a voluntary sector advisor in the region before he became an MP so he really understands the issues on the ground. He has got much more engaged and he is much more positive toward EMDA, than the previous [Minister]' (East Midlands Interviewee 4).

The Minister has met business stakeholders in the region but does not have a direct relationship with the LSEP, other sub-regional partnerships or Local Authorities (East Midlands Interviewees 1, 6 & 7). The Minister has influence and has been active in encouraging collaboration between Local Authorities:

'We use him; if we've got a disagreement between two local authorities then we've used him to bring those people together. He is a Minister, he has got a bit of influence and clout over them, so it has got a lot of potential' (East Midlands Interviewee 4).

Having identified how the UK Government is devolving and democratizing decision making authority and resources - in the following section I will focus on the role of Local Authorities.

11.2.2 Local Authorities

There are 48 Local Authorities within the East Midlands. There is a two-tier system of local government in the region. The top tier Unitary Authorities are larger and generally covered a City or County region. Leicestershire includes two Unitary Authorities – the City and the County. Sitting below these Unitary Authorities in the rural areas of the region are the smaller District Authorities. These divisions and hierarchies create a complex and contested picture for economic governance of the region. Strategies of devolution and democratisation are evident amongst Councils within Leicestershire. Local Authorities in the East Midlands and Leicestershire pursue their interests upwards to the EMDA and Central Government and outwards to other Local Authorities and external stakeholders.

Local Authorities have responsibility to develop plans and allocate resources to promote economic development and regeneration within a policy framework and funding regime set by Central Government. Since the 1990s Leicester City Council has focused on promoting local economic development through physical regeneration and attracting inward investment (East Midlands Interviewee 14). In the past collaboration with external stakeholders in undertaking economic development and regeneration was limited:

‘In the past [Leicester] City Council had an economic development lead and produced an economic development plan. It tended to do that as the City Council and very limited consultation outside the Council’ (East Midlands Interviewee 5).

Local Authorities in the region also have fragmented relationships because they focus on representing the interests of their constituents. Leicester City Council had become a Unitary Authority in 1997 and took responsibility for functions that had previously been delivered by the County Council. This led to a breakdown in relationships between the City and the County. ‘What happened in 1997 was the City Council became a Unitary Authority in its own right and therefore was responsible for all of that and in doing so there was a situation where the City and the County were no longer speaking to each other let alone working together’ (East Midlands Interviewee 1). People working within

Councils also did not collaborate across departmental boundaries, which made the nature of personal relationships more important. 'Local authorities still have a silo mentality, you're dealing with a very big organisation and quiet often the silos don't talk to each other, so you know, it is about negotiating with individual officers in the department that you are dealing with' (East Midlands Interviewee 6). Responses to the *SNR* from Unitary Authorities in the region have been mixed, and in some cases had led to conflict between Local Authorities in the region (East Midlands Interviewee 1). 'Getting them to agree to what should be devolved and how in terms of responsibilities and so on we have sent out a proposal document and we are awaiting responses to that, it's all in the mix at the moment' (East Midlands Interviewee 13). As Bellamy et al (2003) argue, there is a lack of agency coordination and difficulties in devolving responsibility and resources.

Divisions and competition also exists between economic regeneration issues within Leicester City and the rural-based economic issues of Leicestershire (East Midlands Interviewees 5 & 7). Proposals for governance reform post-*SNR* will see a split between these city and rural issues. 'The city will take no interest in rural economics, which the city more than happy to get rid of' (East Midlands Interviewee 5). Competition also existed between cities such as Derby, Nottingham and Leicester across the region (East Midlands Interviewees East Midlands Interviewee 9 & 14). For example, in relation to support from the EMDA, 'the view is that it has been quite Nottingham focused, now dare one say, I think some of that is unfair criticism, but that is certainly a perception now gained momentum' (East Midlands Interviewee 1). There are asymmetries in power between the Unitary and District Authorities and sometimes 'turf wars' that made collaboration difficult (East Midlands Interviewee 7 & 8). These conflicts indicate that differences in material interests between Councils in the region make institutional collaboration difficult (Geddes 2006).

Since the early 1990s the UK Government has progressively made funding conditional upon Local Authorities working in partnership with the business and community sector to promote economic development and regeneration. These policies have led to the Local Authorities in the East Midlands working more closely with the business and voluntary

sectors to promote economic development and regeneration (East Midlands Interviewee 6). During this time Local Authorities in the region also collaborated selectively across jurisdictional boundaries. This was in response to complex issues associated with the closure of coal mines in the region, and to act as an advocate to the UK Government for more funding and improved services in rural areas (East Midlands Interviewee 4 & 10). The announcement by the EMDA of the establishment of sub-regional economic partnerships in 2001 also led to new collaborations between Councils. Leicester City and County Councils agreed to establish the LSEP, which was the first time they had agreed to work together on a single plan for economic development and regeneration (East Midlands Interviewee 1). The District Councils within Leicestershire collaborated closely in the governance of the LSEP. One Council CEO would sit on the Board to represent the interests of all seven district Councils, and coordinate policy positions on behalf of them (East Midlands Interviewee 7). The seven District Councils had a mutual advantage through these collaborations to exert more influence over decision making:

‘That’s why the seven districts work together because we have more clout, if we can, speak as one. So for Harborough we are used to working with others, we have been in the Welland partnership for eight – nine years now and we like being with others, like minded others, and having a bit more clout that way, even if it means compromising a bit in some circumstances. Harborough will do that in some circumstances to be with others, we don’t stand out on our own’ (East Midlands Interviewee 7)

Leadership from local politicians and public servants played a key role in shaping the role that Local Authorities played in shaping Local Strategic, Sub-Regional and Regional partnerships. Leicester and Leicestershire have worked closely together to ensure that the sections on economic development in the strategies for City and the County is consistent (East Midlands Interviewees 6 & 15). The Leader of Leicester City Council, Ross Willmott, is also the chair of the LSP (East Midlands Interviewee 14). The communication and leadership skills of Councillors are seen as crucial:

'We [the City of Leicester] had a Tory-Liberal alliance which was absolutely hopeless, dreadful, didn't work. Labor got a sweeping overall majority in the elections and that was very good. Ross Willmott is a man you can do business with. I think as an aside, Labor are the only ones that can win a city, you know politically. So that was a piece of luck because...business people may say they are not Labor, but they can see this is a man who you can do business with, you know' (East Midlands Interviewee 8)

Local Councillors or senior managers were seen as 'key partners in the decision making process of the SSPs' and had seats on all the boards and key sub-committees (East Midlands Interviewees 2, 4 & 7). These senior decision makers have begun to form a community organised around the theme of regional economic development. Actors embedded in this community argue that Local Councillors are able to act in the interests of the partnership rather than the Local Authority they represented:

'Very quickly the board members have subscribed strongly to the view of impartiality so they are genuine directors of the company as opposed to being there for their own Councils vested interest. I think they've enjoyed being told that they can't, you can't be parochial, you've got to look at the wider...and we've always tried to run projects that benefit everyone in any event' (East Midlands Interviewee 10)

Local Authority leaders have connections with Central Government through various initiatives and political relationships. Leicester City Council shares political allegiances with the UK Government and this is seen as an advantage in terms of maintaining relationships. 'We're [Leicester City Council] a Labor administration with a Labor Government so our thinking will be aligned so we have a very productive working relationship with both organisations [EMDA and the UK Government]' (East Midlands Interviewee 14). Local politicians have been advocating for policy change 'the political machines work on the ground as well, so the parties, the local party machine, influences some of which are pro and anti [of the SNR]' (East Midlands Interviewee 8). Having

identified the key role of local political leaders and public managers in representing the interests of individual Councils, in the following section I examine how policy actors outside of the state were incorporated into these decision making processes.

11.2.3 Other institutional actors – Universities, businesses and the Voluntary Sector

Businesses have strong relationships with each other at a regional level, on city and country scales. People working in the EMDA referred to businesses in the region as the 'business community' (East Midlands Interviewees 2 & 13). The business community includes a range of intermediary organisations, industry sectors and firms that are located in the region. Businesses in the region are proactive in working together. During the 1990s the Confederation of British Industries formed an 'East Midlands Development Forum' to coordinate economic development initiatives in the region (East Midlands Interviewee 11). National bodies representing businesses and employers - the Federation of Small Business, the CBI, Engineers Employers Federation and Institute of Directors – are also involved in regional governance through an East Midlands Business Forum (East Midlands Interviewee 13). Businesses work closely together at a City and County scale. Chambers of Commerce have a long presence in the region and are based in Leicestershire, Loughborough, Derbyshire Nottingham, Lincolnshire and Northamptonshire (East Midlands Interviewee 1). These Chambers of Commerce are linked into national and supra-national representative bodies and work with them to influence policy change at a UK Government or EU level (East Midlands Interviewee 1). Larger multi-national corporations located in the region, such as Caterpillar, did not involve themselves in regional development initiatives because they saw themselves as corporations with a global outlook (East Midlands Interviewees 1 & 16). The concept of business organisations and relational networks that are local, national and global in scope support the relational perspective on power that is set out by Allen and Cochrane (2007) and Hudson (2007).

Business intermediaries are able to work through these networks of influence to shape the policy choices of the EMDA and Local Authorities in the region. One business leader described their role in establishing the LSEP:

'The situation we had in Leicester and Leicestershire was the city wanted an SSP and the County wanted an SSP and we in business said 'that's stupid' because the city and County are interlinked and are reliant on each other and it would be ridiculous to have it. So then I had to go out and negotiate with the City and County Chief Executives and Leaders as well as the seven district Councils to see if we could come up with an agreement where we would have a single body. I probably that summer spent six weeks, two days a week, going backwards and forwards between the Chief Executives of the City and Councils to achieve that and we got there in the end. Part of that role of course was deciding who would be on the Board, it was working with the local authorities to make sure we got the right chairman for it etc. and we did' (East Midlands Interviewee 1)

This suggests that business interests in the East Midlands and Leicestershire are able to influence how policy is represented and what interventions are selected (Peck & Tickell 2002, Hudson 2007).

Other institutional actors that are involved in the economic development of the region are the Third Sector and Universities. Third Sector organisations represent a diversity of views and interests – such as disadvantaged communities and the environment - and have strong links with their constituent communities (East Midlands Interviewees 4 & 5). Voluntary Action Leicester was formed in 1990 to represent third sector organisations in the city and it has become the main conduit for Third Sector consultation and involvement in decision making (East Midlands Interviewee 5). The Third Sector generally has good relationships with Local Authorities through sharing responsibilities for service delivery and working with disadvantaged communities (East Midlands Interviewees 5 & 10). However, interviewee 5 argues that there is still an attitude from Government that the Third Sector is not important in terms of economic development and regeneration. 'I would say there is still a hangover of the economic stuff is really nothing to do with the Voluntary sector, and so we do still struggle against that background' (East Midlands Interviewee 5). Relationships with the business sector have traditionally not

been strong but had strengthened through the variety of partnership initiatives the third sector in the City had become involved in (East Midlands Interviewee 5).

There are also three universities based in Leicester and Leicestershire – De Montfort University, Loughborough University and the University of Leicester. The University of Leicester has sought to develop stronger relationships with local industry partners as a way to deepen its engagement with the region and to increase revenue. The brand of the University of Leicester is tied to the image and prosperity of the City and the County, ‘from that point of view the three [the University of Leicester University, City of Leicester, and Leicester County] are interdependent in relation to each other’ (East Midlands Interviewee 16). As Geddes (2006) argues, organisations that are involved in local economic development are motivated by their material interest. The University finds it harder to engage with Local Authorities than local businesses. ‘I think it is that you have to get under the skin of a Local Authority and that is not necessarily easy’ (East Midlands Interviewee 16). In the late 1990s, representatives from the three Universities were invited to work with the business community in Leicester to look at ways to regenerate the city’s economy, and these relationships helped to establish the LSEP (East Midlands Interviewees 1 & 16). The University of Leicester also maintains relationships upwards with the UK Government bureaucracy and local MPs through their responsibilities for higher education policy and funding (East Midlands Interviewee 16). It also had relationships with government bodies and businesses through teaching and research collaborations, and their alumni (East Midlands Interviewee 16). The Vice Chancellor of Loughborough University has also provided strong leadership in the development of the planning framework for the LSEP and chaired the group that developed it (East Midlands Interviewee East Midlands Interviewees 5 & 7). This supports the arguments made by Goddard and Chatterton (2003) and Benneworth et al (2008) about the broader role of universities in regional development strategies.

11.3 Conclusion

In this chapter I have identified how processes of strategic coupling and the actions of institutional actors shape the role of the EMDA and the LSEP. I will now conclude the chapter by addressing each of the subsidiary questions I posed at the beginning:

- How do forces associated with globalisation interact with the endogenous assets of different regions to generate economic change?
- Which actors have the resources and means to influence these restructuring processes?

The East Midlands and Leicestershire are situated within a globally competitive economy. These regions are experiencing the structural and distributional effects of increasing globalisation (Held et al 1999). Competition from other nations and regions based on labour cost had negative impacts during the 1980s, through the decline and restructuring of mining and manufacturing in the region. Because of trade liberalization it became more cost effective to produce goods such as clothing in countries like India and China. Coe et al (2004) argue that regional economic change is related to the changing needs of actors embedded in global production networks. Firms that are less exposed to these competitive pressures and are linked to London are growing. Higher income households working in these industries generally live outside of major urban centers in the region, and many commute from market towns to work in London. These firms are closely linked with regionally based physical and natural capital together with geographic proximity to London and European markets. High quality transport infrastructure related to freight and logistics and an attractive countryside environment make these places that people want to live in. Industrial restructuring has left a legacy of long term unemployment that is concentrated within particular communities such as those reliant upon coal mining. People living in these communities face barriers to labour market re-entry because of low skills, long term unemployment, and geographic isolation. Interviewees argued that workers needed to respond to changing labour market demands in the region through investing in their own human capital. These findings support the propositions set out at the conclusion of Chapter 2 about the structural and distributional effects of increasing globalisation. An important addition to understanding regional

economic change is the role of geographic proximity – in this case London and investment opportunities in China and India.

Which actors have the resources and means to influence these restructuring processes?

Successive UK Governments have had a policy objective of reducing socio-economic inequalities between London and the South-East, and the rest of England. Devolution and democratisation are central to achieving this policy objective. The UK Government has implemented legislative, performance management and budgetary changes to encourage partnership formation at a variety of sub-national scales. The *Sustainable Communities Plan* released by the UK Government in 2003 made business, community and voluntary sector engagement a requirement of Local Authority planning and priority setting. This finding supports the proposition that was set out at the conclusion of Chapter 2 about the State restructuring political authority downwards to cities and regions and outwards to non-state actors. An important addition to this proposition is the role of Ministerial and bureaucratic leadership, and relationships between civic and political leaders. These networks of influence have also been important in improving the efficacy of these processes by ensuring different parts of government work together at a regional and local level. This collaboration is limited because of fragmented relationships and competition for resources between the Councils. Divisions exist between the City and the County Council's, and between the Unitary and District Authorities. Mutual advantage exists when Local Authorities have a common interest in working together to influence policy change and to access resources. My analysis suggests that a strong and well organised business community does exist in the region, and works closely with Local Authorities and different departments and agencies of the UK Government to shape policy responses. Universities and Third Sector organisations have been co-opted into a regional policy framework established by the State and business interests, and these actors are active participants in regional governance. In the following chapter I will examine how the EMDA and the LSEP have harnessed these resources to promote regional economic development.

12 THE ROLE OF EMDA AND THE LSEP IN PROMOTING REGIONAL DEVELOPMENT

12.0 Introduction

The purpose of this chapter is to examine the role of the EMDA and the LSEP in promoting development within the East Midlands Region. In this chapter I address the following subsidiary research question: What type of value is generated by partnerships, and how are these resources associated with the economic development of regions? I will argue that the EMDA and the LSEP promote regional economic development through two key strategies:

- Enhancing collective efficacy: the formation of networks, norms and trust that creates the confidence for collaboration between institutional actors.
- Building Political Capital: the mobilisation ideas and resources to define the region's interest and coordinate the allocation of resources.

Collective efficacy and political capital are applied through partnerships to create and enhance value. In this chapter I will examine how the EMDA and the LSEP have built social and political capital, the techniques used to build these resources, and their association with regional economic development.

12.1 Enhancing collective efficacy

12.1.1 The EMDA – Enhancing Collective Efficacy

Interviewees from the EMDA argued they built relationships with a wide range of interests in the region - Local Authorities, business groups, the voluntary sector and key minority groups – and over time these relationships have become stronger (East Midlands Interviewees 2 & 3). Engagement has increased for each Regional Economic Strategy that the EMDA has produced and this has improved the quality of relationships between stakeholders.

‘We tried really hard and did a lot of stuff on consultation in our first year [and] now we’re just so much better at it. I think initially it was very much with partner

organisations. The second time it got much better engaging with businesses, with the business community. The third time, the strategy, it got much better at engaging with the wider public' (East Midlands Interviewee 11).

Business groups are the key institutional actor that the EMDA invests the most time and effort in building collective efficacy. The Board of the EMDA is structured so that business interests are the dominant group. 'So with 15 Board members, eight are from the private sector, so the balance is that you're business led' (East Midlands Interviewee 8). The EMDA also works closely with the business community through the *East Midlands Business Forum*, an employer group that enables 'a single joined up dialogue with people who represent the business community' (East Midlands Interviewee 2 & 11). This suggests that business in the region is well organised politically and able to influence decision making.

The formation of collective efficacy between the EMDA and the UK Government is mixed with weaker links to Parliamentarians and stronger links with public managers. As we saw in the previous chapter, Parliamentarians are not actively involved in scrutinizing the work of the EMDA and do not understand the work of RDAs. Relationships are stronger with public managers in UK Departments that are based in London and the Government Office for the Region that is based in Nottingham. These relationships are linked with ongoing operational matters:

'I know a lot of the staff here [in the EMDA] came from the Government Office when EMDA was set up so there is a positive relationship between the two. Everybody, most people in their day jobs have involvement with someone from the Government Office, so I think it works well' (East Midlands Interviewee 4).

The EMDA focuses on investing in developing social networks with the region's business community and public managers within the UK Government. Reddel (2002) argues that governance can reinforce the status of elite groups and interests in a region. In the following section of the chapter I will examine how this collective efficacy is formed.

12.1.2 The EMDA - Techniques used to enhance Collective Efficacy

When the EMDA was formed it brought together a number of regionally based organisations and this helped it form collective efficacy. These existing regionally based organisations had their own networks across different sectors of the economy such as the Rural Development Commission, the Inward Investment Agency and the East Midlands Development Company (East Midlands Interviewee 11). Staff from the Government Office for the Region (GOR) played a significant role in establishing the EMDA and stayed to work in it. Collective efficacy is also formed through the Board of the EMDA where business leaders play a key role in setting the EMDAs strategic directions, building relationships with the business community in the region, and shaping its organisational culture (East Midlands Interviewee 3).

The RES, which the EMDA releases every three years, is a key mechanism in building and maintaining collective efficacy. Engagement is focused on different sectors – partner organisations within government – such as the Government Office for the Region, the business community, and the broader public (East Midlands Interviewee 11). Various ‘steering groups’ are established by the EMDA to guide engagement with these different sectors (East Midlands Interviewee 3). ‘Whether it be local authorities, whether it be sub-regional partnerships, businesses, whether it be a voluntary sector, whether it to be the ethnic minority communities or the black and Asian groups, whether it be women’s groups, et etc - you name it’ (East Midlands Interviewee 2). Public advertisements, web-based engagement tools, and community meetings are also used as techniques to engage the broader public (East Midlands Interviewee 3). Staff resources, relationships with stakeholders, and better knowledge about engagement strategies are identified as important in improving this engagement. ‘One, we’ve got more resources to do it; second, we’ve got a better understanding of who our partners are; and third, we’ve got ways of doing it better’ (East Midlands Interviewee 4). The Head of Strategy was responsible for developing the RES and this person acted as broker amongst various institutional actors by building and maintained social networks, and reporting to the sub-

group of the Board (East Midlands Interviewees 3 & 4). In the following section I will examine how the LSEP has gone about enhancing collective efficacy.

12.1.3 The LSEP – Enhancing Collective Efficacy

As discussed in the previous chapter, in 2002 the EMDA decided to establish Sub-Regional Partnerships (SSPs) to replicate the business led governance model at a smaller geographic scale within the region. The SSPs were ‘an attempt to replicate the RDA model on the sub-region, definitely to get private sector buy-in, because a lot of the private sector feel as though their views are not listened to, that the public sector spends a lot of money and doesn’t take account of the views of business, so to try and get that involvement’ (East Midlands Interviewee 8). The EMDA conducted a competitive process to establish these partnerships with organisations in the region invited to submit proposals. The EMDA ‘fairly boldly invited the world out there to come forward with proposals for setting up these partnerships, which would be partnership with the business sector, the voluntary sector and the public sector’ (East Midlands Interviewee 4). Some of these SSPs built upon existing partnerships, such as an alliance between Local Authorities in the northern part of the region to manage coal mining closures.

Leicester City Council originally proposed to establish an SSP on their own. After discussions between the City and County Council they decided to work together to establish the LSEP, which was the first time that they had worked together on economic development and regeneration (East Midlands Interviewees 1 & 6). The LSEP encourages collaboration between the City and County and there is a view that without the LSEP this collaboration would diminish (East Midlands Interviewee 16). The LSEP enables Councils to work beyond their jurisdictional boundaries:

‘We as a City Council are unbounded...what I mean is what most people would recognize as Leicester a lot of it actually sits outside of the City Councils boundaries and LSEP also gives us a chance to look at other economic issues outside of the area such as the development of the East Midlands Airport, which is in Leicestershire. It also gives us a chance to make sure there is a

“complementarity” in strategies between the city and the County so we’ll working together as opposed to working in opposite directions’ (East Midlands Interviewee 14)

The LSEP also creates a way for the District Councils in the County to influence and engage the upper tier City and County Councils. The LSEP became a mechanism for them to have a say in strategic discussions. ‘The districts found us [the LSEP] a great advantage because all of a sudden they were getting a good hearing, their proposals were being looked at, we were considering their views and there...the issues weren’t being lost in the discussion between the two upper tier authorities’ (East Midlands Interviewee 6). Chief Executives and Officers from the District Councils met regularly and worked together through the SSPs (East Midlands Interviewee 7 & 10). This representation strengthens relationships between the district and Unitary authorities. ‘It [the LSEP] does get me [a leader from the District Council] closer to them [leaders from the Leicester City and County Councils] because we’re talking about issues on a more regular basis in a structured way and from that point of view it’s good (East Midlands Interviewee 7).

The LSEP also improves the flows of information amongst Local Authorities and seems to increase the efficacy of public administration as identified by the Productivity Commission (2003). A Councilor and the Chief Executive of Leicester City Council sat on the LSEP and this encouraged engagement and collaboration between the Council and external organisations (East Midlands Interviewee 15). ‘I’ve come across situations where people have completely misread what the Councils intentions are and by actually being there and able to represent the Council directly, give the Councils view directly, it helps them make informed decisions a lot more’ (East Midlands Interviewee 14). The Chair of the LSEP also sits on the Local Strategic Partnership (LSP) which improved information flows between the two organizations and other stakeholders (East Midlands Interviewee 6 & 15).

Relationships between the LSEP and Central Government – Departments of State, the Government Office for the Region, Ministers and Members of Parliament – are mediated

through the EMDA. The LSEP did not have a direct relationship with the Regional Assembly and this is also mediated through the EMDA (East Midlands Interviewee 5 & 6). Local Members were invited to participate in events to shape the Leicestershire 2020 Strategy but did not attend (East Midlands Interviewee 6). ‘They [Members of Parliament] are out of the loop completely; local MPs are completely out of the loop...there is absolutely no connection whatsoever’ (East Midlands Interviewee 5).

The LSEP also enhances collective efficacy amongst local business and civic leaders. The business community saw the LSEP as an opportunity to develop relationships with leaders from the Local Authorities (East Midlands Interviewee 6). In the past relationships had been confrontational. ‘What you had was quite a confrontational culture where the private sector despaired of the public sector and the public sector didn’t think the private sector cared and both of those assumptions were false to a great extent’ (East Midlands Interviewee 14). Economic development had been run solely by Local Authorities and external stakeholders had not been involved. ‘It [the Council] tended to do that [produce a local economic plan] as the City Council and very limited consultation outside the Council’ (East Midlands Interviewee 5). The LSEP became a way for the business community to work with Local Authorities on local economic development and this has improved relationships. ‘Through organisations such as LSEP we’ve [the Local Authority] managed to create a much more fruitful partnership [with the business community]’ (East Midlands Interviewee 14).

Non-state institutional actors have also been integrated into this decision making community. The commitment and involvement from Third Sector organisations with the LSEP has also grown over time (East Midlands Interviewee 5). Personal and regular contact with Board members has been important in creating and strengthening these relationships. ‘I’ve sat on the Board with the leaders of the City and County Councils, yes that enables me to talk to them, see them, and meet with them, and build up a relationships, which might be harder if I wasn’t on that Board and wasn’t meeting with them every month’ (East Midlands Interviewee 5). This suggests that inter-personal factors are important to the partnerships that are undertaking the coordinating role, as

Considine and Giguere (2008) argue. The Universities in the City and County also have strong involvement in the LSEP and have built relationships with the Local Authorities and business (East Midlands Interviewees 1 & 16). Local Trade Unions are not involved in the work of the LSEP and this was put down to Leicester specific factors:

‘Well the thing is Leicester is a bit of a strange one...whereas in some cities and towns you have a very highly advanced union kind of structure, trades councils. For Leicester it’s always been, for one reason or another, it never been as assertive as possibly it should be. But we have contact with trade unions, but it’s usually through our Labor Party ties rather than anything formal. And that could do with strengthening’ (East Midlands Interviewee 14)

The LSEP enhances collective efficacy amongst local civic and business leaders - Universities and Third Sector organisations have been incorporated into this decision making community. In the following section of the chapter I examine how this collective efficacy is formed.

12.1.4 The LSEP - Techniques to enhance Collective Efficacy

Board members and managers of the LSEP play a key role in maintaining relationships with the EMDA. Representatives from both organisations meet regularly and these meetings are an opportunity to exchange information about the activities and future directions of each organisation (East Midlands Interviewee 10). My findings indicate that inter-personal skills are important. ‘Proactive’ approaches to relationship building based upon ‘mutual respect’ from individual EMDA officers – in terms of listening to the views of SSPs – are important factors in shaping strong relationships (East Midlands Interviewees 9 & 10). Over time a more collaborative approach between the LSEP and the EMDA has developed:

‘Initially it was like a one way stream, we met, they told us what to do, they wouldn’t listen to what we told them to do, that sort of relationship and we came to blows on a number of issues you know ‘what the bloody hell are we doing here?’

But I think over the last couple of years they have changed, they have got better, but it's never perfect' (East Midlands Interviewee 6).

Engagement with organisations and interests in the regions is done on a sector by sector basis – business, Third Sector and the public sector (East Midlands Interviewee 8). The LSEP has a high level of familiarity with the business community in the region and existing networks may be drawn upon. Businesses may be contacted through the Local Chamber of Commerce and the networks of LSEP Board members from the business community (East Midlands Interviewee 1, 6 & 9). The LSEP also has compiled a database of businesses in the region, which is used to invite businesses to become involved in developing the *Leicester 2020* strategy. ‘The private sector was easy [to invite] because we have a big data base of the private sector companies so we just wrote to the private sector’ (East Midlands Interviewee 6). Senior leaders from the Local Authorities and universities were well known and easily identified (East Midlands Interviewee 6). The Third Sector is not as well known and a small number of voluntary organisations were asked to promote the Leicester 2020 events through their networks. ‘[The] third sector we left open and we used the voluntary organisations at work across city and county, and in fact asked them to, to invite the people to come but also to promote it through there networks’ (East Midlands Interviewee 6). The relationships generated through these joint activities enabled different organisations and interests to come together, share information and build familiarity with each other:

‘I tell a story that most of the high flying business people that get involved with LSEP have never come across the voluntary sector in their lives, so simply as an awareness raising exercise its enormously valuable being around that table, to be involved in the process and raise issues through the committee that we want to raise but also just to say look this is what we’re about, both around the table and in the coffee breaks, building those relationships with people which helps enormously’ (East Midlands Interviewee 5).

The Chief Executive and the Chairperson of the LSEP have a key role in maintaining relationships amongst decision makers at a sub-regional level. The Chief Executive of the LSEP has close collaborative relationships with Leicester City and Leicester County Councils through sitting on external boards and committees. The Chief Executive has good familiarity and existing relationships with people working in the public sector in the City and County (East Midlands Interviewee 6). Officers from both Authorities worked closely in establishing the LSEP, with one of them becoming the Chief Executive of the partnership (East Midlands Interviewee 6). The Chief Executive of the LSEP is also chair of sub-groups of the Local Strategic Partnerships for each Council that dealt with economic development (East Midlands Interviewee 15). This means that the LSEP has influence over this part of the Local Area Agreement (LAA), and could act as a sounding board for the business community (East Midlands Interviewee 15). ‘What LSEP does is to bring that [business] perspective from the sector into the partnership’ (East Midlands Interviewee 15). The Chairperson of the LSEP also plays an important role as a broker between the business community in the region and the Local Authorities:

‘One of my big challenges is, and I’ve taken this on, is to say to the business community, listen you all buggered off drank your gin and tonics and sat in your cosy chairs in the Shires. Come and get involved, just don’t be negative, come and play a role. They would say: well the local authority doesn’t want to know us. And I’d say I’ll bring [the Council leader] to come to a meeting; just make sure you bloody well turn up’ (East Midlands Interviewee 9).

Personality factors – the ability to listen to people, synthesise different points of view, and generate confidence in others – are critical in building and maintaining these relationships (East Midlands Interviewees 7 & 9). Getting business people who have a high profile in the local community involved is also important, because they have the resources and ability to influence others. People of such status were described as ‘heavy hitters’ and ‘movers and shakers’ (East Midlands Interviewees 6 & 9).

These relationships can then be used to create and enhance value. The LSEP also plays a role in brokering relationships between universities, business and Local Authorities. One focus is to ensure better alignment between research and development at the regions Universities and the development of businesses in the region. ‘So we’ve put some work into it, and putting some resources into it has facilitated some better interaction between the universities and commerce here’ (East Midlands Interviewee 6). The LSEP also acted as a broker between business and Local Authorities. Investors and local businesses would come to the LSEP with development proposals to test ideas and introduce proposals to the Local Authority:

‘If you take, for instance, a planning issue that comes up, a company is looking to expand, would come to us and say look we really want to expand, what can you do to help us bridge that gap between what we aspire to do and what the local authority. If we get directly into local authorities then we are negotiating straight off that planning situation, what we want is a bridge, and we can go to local authorities and be frank with them, they can be frank with us without compromising their positions of being the two parties in negotiation. So we’ve done a fair amount of that bridging the gap’ (East Midlands Interviewee 6).

Collective efficacy is formed through the Board of the LSEP and the development of the *Leicester 2020 Strategy*. In the following section of the chapter I will focus on the formation of political capital.

12.2 Building Political capital

12.2.1 The EMDA – Building Political Capital

The RES is the EMDA’s ‘key document’ and provides the EMDA with a platform to undertake its role of identifying priorities - with a range of organisations and interests - for economic development in the region (East Midlands Interviewee 8). The RES is the guiding framework for decision making across the EMDA and improves consistency in decision making across the organisation:

‘So we’re actually all working within a kind of framework. Things like the tourism strategy - having an agreed set of priorities. They [the RES and other planning frameworks linked to it] are all impacting on our funding streams in quite a big way. We weren’t so successful at that in the first 2 to 3 years, but that’s progressively got better as we’ve gone on’ (East Midlands Interviewee 11).

The third RES for the East Midlands, *A Flourishing Region*, was released in 2006 and provides a plan for economic development in the region until 2020 (EMDA 2006). This strategy includes a vision of a region with ‘growing and innovative businesses, skilled people in good quality jobs, participating in healthy, inclusive communities and living in thriving and attractive places’ (EMDA 2006, 6). This focus on innovation, skills and liveability articulates the East Midlands into GPNs as a place where knowledge-based businesses and workers should locate. The EMDA has developed three structural themes to guide the development of the strategy: Raising Productivity, Ensuring Sustainability, and Achieving Equality. These structural themes ‘underpinned the whole strategy’ (East Midlands Interviewee 4). They are used to guide resource allocation choices made by the EMDA. ‘I have to demonstrate how that service responds to the requirements of the RES’ (East Midlands Interviewee 13). The two key performance measures for the EMDA are productivity and employment growth (EMDA 2008). Ten strategic priorities focus on productivity and growth through skills development, business support, enterprise and innovation, and also include environmental and social strategies such as environmental protection and community cohesion (East Midlands Interviewee 4). Each of these themes has a separate indicator (Table 7).

Table 7: RES (2006) - Themes and Measures of Progress

Theme	Measures of Progress
Employment, Learning and Skills	<ul style="list-style-type: none"> • Percentage of economically active adults qualified to Level 4 or higher. • Employment in high knowledge intensive sectors and low

	knowledge intensive sectors.
Enterprise and business support	<ul style="list-style-type: none"> • Business registration rate (per 10,000 people). • Proportion of businesses surviving 3 years.
Innovation	<ul style="list-style-type: none"> • Gross Domestic Expenditure on R&D. • % of businesses' turnover attributable to new & improved products.
Transport and Logistics	<ul style="list-style-type: none"> • % of Workforce travelling to work by public transport, walking or cycling.
Energy and Resources	<ul style="list-style-type: none"> • Carbon dioxide emissions by end user per £ million GVA. • Waste produced per £ million GVA.
Environmental Protection	<ul style="list-style-type: none"> • Proportion of river distance classified as 'good' chemical and 'good' biological quality.
Land and Development	<ul style="list-style-type: none"> • Average annual growth rate over a five year period in employment floor space.
Cohesive Communities	<ul style="list-style-type: none"> • Participation in formal voluntary activities in the last 12 months.
Economic Renewal	<ul style="list-style-type: none"> • Economic activity rate (% working age) in urban and rural areas.
Economic Inclusion	<ul style="list-style-type: none"> • Proportion of the population of working age claiming key benefits. • Economic activity rates in bottom decile of East Midlands Local Authority Districts/ Unitary Authorities.

Source: EMDA (2006, 40 - 41)

Each theme also has set priority actions and these are used as a guide to design new programs and initiatives (East Midlands Interviewee 13). This combination of economic, social and environmental priorities supports Morgan's (2004) argument that sustainability is an important principle guiding contemporary regional development strategies.

Structural political capital is shaped by the UK Government's regional policy. The Government sets the overall policy framework for the EMDA but there is flexibility in how these priorities are delivered and the relative balance between them, based on the region's needs and aspirations (East Midlands Interviewees 2 & 3). The UK Government allocates resources to the EMDA through a *Public Service Agreement (PSA)*. Each *PSA* includes a delivery agreement and a set of performance indicators to make sure that resources match government priorities (HM Treasury 2009). The *PSA* for RDAs is referred to as the *Tasking Framework* and the work of the EMDA must meet the following overarching targets:

- Make sustainable improvements in the economic performance of all English regions by 2008 and over the long term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006
- Reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2008, demonstrating progress by 2006
- Promote sustainable development across Government and the country as a whole as measured by achieving positive trends in the Government's headline indicators of sustainable development (EMDA 2006).

These indicators are used as a way of measuring performance and accessing resources from government. 'These are really targets for the region, because our funding is conditional on these, we've set them ourselves and there a way of measuring progress' (East Midlands Interviewee 4). This suggests that the UK Government provides the framework for defining the regional interest. The state determines the meta-governance for local and regional economic development strategies through hierarchical organisational mechanisms (Whitehead 2007).

Government also seeks to shape the work of RDAs outside of the formal processes associated with planning and performance management. 'We sometimes feel central government forgets some of the reason it created us and starts getting back into managing and directing and telling us what to do' (East Midlands Interviewee 8).

Working with government is also difficult because there is limited coordination and collaboration between departments. ‘One of our challenges is to reconcile the demands of that and that’s complicated by the fact officials in those departments don’t always talk to each other, which can be a bit of a headache at times’ (East Midlands Interviewee 3). Collaboration is constrained by barriers such as lack of coordination between agencies and the inability to devolve resources and decision making responsibility (Bellamy et al 2003).

The EMDA also finds it difficult to coordinate priority setting and resource allocation decisions with Local Authorities in the region. Local Authorities are not compelled to reference the RES and there are no material incentives to consider it as part of their planning and resource allocation decisions. ‘I don’t think that people use it enough at a local authority level in terms of them setting their priorities because they are not required to, because they have got their own local politicians who are telling them what their priorities are’ (East Midlands Interviewee 4). The two-tiered system of Local Government in the region makes it difficult to work with Councils and reach agreement between them. ‘There is often a difficulty on the ground between the sort of county council having a difficult relationship with districts that sit beneath them, a bit of turf wars - therefore we are embroiled and caught up in that sometimes’ (East Midlands Interviewee 8). This lack of integration with Local Authorities would seem to limit the ability for the EMDA to shape economic development outcomes in the region.

There are various business and Third Sector organisations that provide input to the RES. The Board of the EMDA is chaired by a businessperson and the majority of members are from the region’s business community. The current chairperson is the head of Toyota in the UK, which is the largest firm in the region (East Midlands Interviewee 2). ‘We have very strong business leadership here, credible business leadership, our first chair was Derek Map, self made entrepreneur essentially, [the] current one Brian Jackson, former Managing Director of Toyota UK, a genuine industrialist really with a lot of experience’ (East Midlands Interviewee 3). The UK government selected these Board members (East Midlands Interviewee 2). Third Sector organisations lobby on behalf of disadvantaged

communities. The environmental sector is 'very powerful in lobbying' (East Midlands Interviewee 4). This lobbying on behalf of social and environmental interests contributed to broadening the RES to include these issues (East Midlands Interviewee 4). The Regional Assembly is also an important mechanism for including regional stakeholders in decision making and they have a close involvement in developing the RES (East Midlands Interviewee 4 & 11). This indicates that a broad range of organisations and interests had the opportunity to contribute toward the development of priorities set through the RES. In the following section I will examine how the EMDA has formed this political capital.

12.2.2 The EMDA - Techniques to build Political Capital

The UK Government shapes the role of the EMDA through a range of mechanisms connected to the RDA Act (1998) (*the Act*). As we saw in Section 10.2, the Act sets out the requirements for RDAs in terms of their purposes, functions and governance. The Act authorises the relevant Secretary of State (at this time overseeing the BERR) to allocate resources – money and public land – to achieve these purposes. These powers can then be delegated - under specific conditions - to achieve the purposes set out in the Act. A number of Under-Secretaries and Ministers of State assume different responsibilities that sit under the Secretary's portfolio. There is a Minister of Regional Economic Development and Coordination who takes direct overall responsibility for RDAs. The Chairpersons of each RDA meets with relevant UK Government Ministers on a regular basis and officers at the EMDA indicated that the Government listens and adapts policies as a result of these meetings (East Midlands Interviewee 11). RDAs are asked to contribute investment proposals as part of the Government's annual budgetary process. 'We do get a lot of exposure to government - they do listen' (East Midlands Interviewee 11). As we saw in the previous chapter a Regional Minister has also been appointed by the UK Government and this role is still evolving. This suggests that the legitimate authority of the State, as exercised through mechanisms of organisational control and hierarchy, is a critical form of instrumental political capital. These mechanisms shape the framework within which the EMDA operates.

Regional Assemblies are also designated under the Act, which makes a requirement that Assemblies are consulted on the RDA's work and the Regional Strategy (Office of the Deputy Prime Minister 2005). The East Midlands Regional Assembly (EMRA) is a partnership body that brings together representatives in the region from the public, private, voluntary and community sector (EMRA 2009). The Regional Assembly has worked closely on all RESs that the EMDA has produced, which increases ownership of the strategy by regional stakeholders (East Midlands Interviewees 4 & 11).

'I think, as we've gone on, we've worked more in tandem with them [the EMRA], so we've actually been seen to be alongside each other in the consultation process. When it comes to the final sign off, they see it as theirs, not ours. It's a regional strategy; it's not just EMDA strategy, and that's what we all see' (East Midlands Interviewee 11).

The EMRA also has a role in scrutinizing the development of the strategy and has convened a sub-committee to undertake this work (East Midlands Interviewee 4). The EMRA focuses on examining process of developing the strategy, such as whether the EMDA consulted the right people and how it used evidence (East Midlands Interviewee 4). Interviewees from the EMDA see this scrutiny as 'quiet useful' and argue that it improves the final product (East Midlands Interviewee 4).

The key mechanism to directly exercise Ministerial powers is through setting performance measures that RDAs have to demonstrate they are meeting and improving upon. The EMDA has to demonstrate to Government how the priorities of the RES and actions set out in the Annual Plan contribute to achieving targets set out in the *Tasking Framework*. 'There are fairly explicit links there and that was part of selling it to government, to say well look these are all the things we are doing and these are all the places where we are hitting your PSA targets' (East Midlands Interviewee 4). Targets are negotiated and set in terms of the UK regional average and benchmarking against the best performing region (East Midlands Interviewee 4). Assessments are made in terms of what is achievable in terms of exceeding, matching or moving toward these benchmarks (East

Midlands Interviewee 4). These targets are monitored on a monthly basis and reported on annually to the Government (East Midlands Interviewees 2 & 4). NPM tools such as setting performance targets are dominant in the shaping regional development strategies (Reddel 2002; Smyth et al 2004).

Within these constraints set by the UK Government the Board of the EMDA also has legitimate authority to shape what priorities are selected and where resources are allocated. The Board is directly accountable to the UK Government, and the Board sets priorities for the Chief Executive Officer of the EMDA (East Midlands Interviewee 2). A sub-group of the Board was formed to oversee the development of the RES (East Midlands Interviewee 3). This sub-group played a key role in leading and authorizing the EMDA to take a broad view of economic development and include a range of social and environmental indicators in its performance framework (East Midlands Interviewee 4). The EMDA has a Director of Policy and Strategy who manages the development of the RES, research and evaluation, policy development and relationships with Ministers (East Midlands Interviewee 3). The Director of Strategy reports to the Board to develop the RES, and Board members who sat on the RES sub-group took an active role in developing the strategy (East Midlands Interviewees 3 & 11).

This work team headed by the Director of Policy and Strategy took a lead role in marshalling the evidence that helped to establish priorities through the RES. Evidence is defined as quantitative and qualitative research, done internally or externally commissioned from academics (East Midlands Interviewee 4). This evidence base has been critical to the development of the RES. The Strategy Team compiled a statistical profile of the region based on the scope of the strategy and the areas where that EMDA wanted to make a difference (WR – Interview). The Director of Policy and Strategy selected ten thematic areas that required further research and commissioned academics from Universities in the United Kingdom to undertake this work. This work was influential and concepts such as ‘adaptive capacity’ and ‘path dependency’ were ‘two really important ideas’ that influenced the shape of the strategy (East Midlands

Interviewee 3). This approach allowed the EMDA to retain control over the direction of the evidence base whilst incorporating new ideas from the university sector.

‘Historically when we produce research it hasn’t been well received because it has been perceived as EMDAs view of the world, perhaps rather than a more independent view. So I was keen to do something about that whilst maintaining the necessary control over the development of the evidence base, that it was relevant to the strategy development process, and integral to the strategy’ (East Midlands Interviewee 3).

This research and analysis has been used to influence policy debates and justify resource allocation choices. A spin off from the work associated with the RES was the development of an ‘intervention framework’ that sets out some questions to guide resource allocation choices (East Midlands Interviewees 3 & 13). These questions include:

- Is there evidence of market failure?
- Is there an equity rationale?
- Is it within the RDA roles and responsibilities?
- Have interventions to address this problem worked? (East Midlands Interviewee 3).

Data has also been generated through consultation with a variety of organisations and interests across the region. The first phase of the consultation involved getting a qualitative sense of priorities for regional development and information about what would make a difference to stakeholders and the general public. This was framed around 20 questions set by EMDA. This phase was promoted to the general public through a ‘have your say’ campaign that employed maximum media exposure, which was run by the EMDAs Communications Branch (East Midlands Interviewee 3). The second phase involved the release of a consultation document in September 2005 that set out options about priorities in the strategy and invited ‘focused feedback’ based around set questions

(East Midlands Interviewee 3). At the same time the EMDA released a draft evidence base document:

‘We wanted to verify our understanding of the region. Did this resonate with people? Had we identified the right challenges? That was fairly effective’ (East Midlands Interviewee 3).

The EMDA then released a draft strategy in January 2006 and invited comment over a three month period. This process suggests that the ability to collect data, analyse it, and communicate findings is a form of instrumental political capital.

Stakeholder consultation seems to be an important technique in building political capital, For the latest RES a special effort had been put into moving beyond - ‘the usual suspects in terms of key regional stakeholders, local authorities, big business’ – to engaging ‘ordinary people’ (East Midlands Interviewee 3). To undertake this consultation there were ‘70 to 80’ meetings conducted and ‘seven to eight thousand individuals spoken to’. This exceeded other RDAs activities in terms of the extent of consultation (East Midlands Interviewee 3). Stakeholders were categorised in terms of business, voluntary and charity groups, including sub-categories such as ethnic communities, the environmental lobby, Local Authorities, Sub-Regional Partnerships and other UK Government bodies such as the Regional Assembly. Officers from the EMDA met with stakeholders in the region to encourage them to become involved and to hear their views on regional priorities (East Midlands Interviewee 4). ‘We tried very hard to be inclusive and we were’ (East Midlands Interviewee 3). This approach allowed groups who had been on the margins of economic decision making – such as the environmental lobby – to contribute toward the RES (East Midlands Interviewee 4). At times the EMDA found this difficult because some smaller groups were not engaged with its broader regional development role and priorities (East Midlands Interviewee 3). Limitations to the consultation process were set by the resources available and whether any additional benefits would accrue to the EMDA. ‘I think you do have to take a view at the end of the day about how much of that [additional consultation] is actually going to materially influence the quality of the

strategy if you like and its ownership within the region' (East Midlands Interviewee 3). Having identified the various techniques that shape and are employed by EMDA to build political capital – in the following section I examine how the LSEP has gone about building this resource.

12.2.3 The LSEP – Building Political Capital

The LSEP launched its economic strategy for the region – *Leicester 2020* – in June 2008 (LSEP 2008). SSPs are not required to produce a sub-regional economic strategy. This strategy allowed civic and business leaders in Leicestershire to articulate a shared interest. The Board of the LSEP determined it was a way of organising their work and gaining some independence from the EMDA in terms of priority setting and resource allocation (East Midlands Interviewees 5 & 6). The key theme informing the strategy is innovation (East Midlands Interviewee 6). The vision for 2020 is: 'Leicestershire will have a prosperous, enterprising and dynamic economy, characterised by innovative businesses, creative people, sustainable communities and an attractive environment' (LSEP 2009). As with the RES, this vision articulates Leicestershire into GPNs as a place where knowledge-based businesses and workers should locate. This vision was chosen because it reflects the regions strengths through its universities and differentiates it from other comparable regions in the UK and Europe (East Midlands Interviewee 7).

'So that was why we thought of innovation as a strand, which was so unique because we had the basis of innovation happening in this place. What I want people to be looking at in the future, its saying yeh - innovation and new ideas, Leicester is good at that, that's where I want people to be thinking. So part of this is about image breaking, and saying, if you talk about the place to so and so, you'll always associate it in a European context with, this is a city, this is the place. I want us to be at the forefront of that so when people talk about...I'm looking for innovation and new ideas, well Leicester has got a good place to be' (East Midlands Interviewee 6).

Seven enabling themes are identified to achieve this vision - together with a number of priority actions to deliver them. A summary of these themes and priorities is outlined in Table 8.

Table 8: Leicestershire 2020: Strategic Themes and Priorities

Enabling Themes	Example Priorities
Climate for Innovation	<ul style="list-style-type: none"> • Improve knowledge transfer between universities, colleges and businesses • Support initiatives to grow local innovative and creative talent
Image	<ul style="list-style-type: none"> • Improve the image of Leicester by establishing a strong brand • Improve what Leicester has to offer as a business location
Business and Enterprise	<ul style="list-style-type: none"> • Simplify access to good quality and relevant business support • Influence public sector policies to support local procurement
People, Employment and Skills	<ul style="list-style-type: none"> • Increase skills at all levels in the workforce • Improve access to learning and employment
Infrastructure	<ul style="list-style-type: none"> • Provide people in urban and rural areas with viable, attractive, affordable and accessible transport choices – especially public transport
Sustainability – environment	<ul style="list-style-type: none"> • Reduce waste production and encourage recycling amongst businesses • Encourage business start-ups in the environmental field
Sustainability - Communities	<ul style="list-style-type: none"> • Promote use of local services and local products • Provide better access to training and employment opportunities, especially in deprived neighbourhoods and rural areas

Source: LSEP (2008)

The key performance indicators and targets that are used by the LSEP to monitor progress focus on economic metrics - income, productivity and employment. They are:

- Gross Value Added per head

- Business start up rate (per 10,000 population)
- Business survival rates (3 years)
- Proportion of business reporting increased profits
- Employment rate
- Employers that are not experiencing skills shortages
- Working age population qualified to at least level 4
- Working age population qualified to at least level 2
- Average earnings as % of UK (LSEP 2006).

These themes and performance targets direct resources to initiatives that are designed to create and enhance value. In terms of value creation – image, business and enterprise, and infrastructure – they are designed to attract investment into the region. The LSEP argues that improving people’s perceptions of Leicestershire through better marketing and communications strategies will help attract more investors, businesses and public sector bodies into the sub-region (LSEP 2008, 5). Civic and political leaders from Leicestershire have also been proactive in marketing the region overseas. The LSEP has run trade delegations to China and India to raise the profile of Leicestershire as an investment destination (East Midlands Interviewee 9). The region had a low profile overseas when focus was placed upon London as a destination for investment. ‘I’ve done several delegations across and they talk about the UK and London as synonymous, so when they talk about the UK, they talk about London, and their mind is on London and no one else (East Midlands Interviewee 6). Themes about communities, the environment, skills and innovation are designed to enhance value through promoting more efficient and equitable use of assets in the region. The LSEP will work with employers to identify skills shortages and help them access relevant training programs (LSEP 2008, 7).

Interviewees from the LSEP argued that the partnership focuses on economic objectives over social equity and environmental sustainability. ‘It isn’t top of the list to get that balance actually, which means it is slightly skewed - I think the social and the environmental are slightly further down’ (East Midlands Interviewee 7). The Board is business led and focuses on economic development (East Midlands Interviewee 7).

‘Ultimately it is a market economy, the private sector will drive what happens – all the public sector can do is to create an environment that encourages that and to make sure things like sites are available’ (East Midlands Interviewee 1). There is one person on the Board who is a ‘good campaigner’ in relation to social issues – however, there are not advocates that represent environmental interests (East Midlands Interviewee 7). The LSEP has a focus on economic objectives, and this finding supports the argument of Beer et al (2003), who define regional development as a collective endeavour to create and retain local wealth and employment, rather than the sustainability thesis put forward by Morgan (2004).

Structural political capital is controlled by the EMDA, and the relationship between the EMDA and the LSEP is contested. ‘I’d really say [decisions about resource allocation are] top down rather than bottom up’ (East Midlands Interviewee 9). The RES includes a broad range of priorities and the LSEP is confident that its planning framework would fit within it. ‘I wasn’t too concerned with it [the *Leicester 2020* Strategy] not being consistent with RES because you could come up with any strategy and it would fit with RES’ (East Midlands Interviewee 6). The relationships between the LSEP and the EMDA have not always been positive. At times a lack of ‘trust’ between the two organisations has been evident (East Midlands Interviewee 5). The division of roles and responsibilities between the two organisations has been unclear. ‘It’s never been - we’ve always had battles from day one on this’ (East Midlands Interviewee 6). Interviewees from the LSEP argued the relationship is unbalanced and the views of the LSEP in strategic discussions are not taken on board. ‘We’ve always been seen as a parent – child relationship’ (East Midlands Interviewee 6). Tensions emerge when the LSEP puts forward views that the EMDA does not agree with. ‘I think in some instances EMDA felt threatened by us because we were a child probably telling a parent what to do, they didn’t like that’ (East Midlands Interviewee 6).

Within this framework established by the EMDA, the business community is the key group within Leicestershire that influences decision making about economic development. The Local Chamber of Commerce is the key organisation that represents

the interests of business within the City, which are well organised and linked to democratic institutions.

'We are an independent group that is paid for by our membership and we actively lobby on behalf the business community here in Leicester and Leicestershire. Now as part of that lobbying exercise one of our key priorities is to ensure that business here has an environment where it can prosper. Therefore that brings us into various forms of engagement with local, regional and national government on trying to ensure that policy reflects that desire for an environment where business can flourish' (East Midlands Interviewee 1).

The Head of the local Chamber of Commerce is also the Deputy Chairperson on the Board of the LSEP. The Chair and the Deputy Chair of the LSEP Board are seen as 'very influential' in framing the development of the *Leicester 2020 Strategy* and the role of the LSEP. In other partnership arrangements in the City and County the LSEP is seen as a 'sounding board' and 'conduit' to the regions business community (East Midlands Interviewee 15).

Business leaders in the city also work together outside of formal political processes and seek to influence leaders within the Local Authority. During the 1990s local firms established the City Centre Forum, which was informal and self-elected (East Midlands Interviewee 9). In 1999 the Forum organised a series of meetings involving businesses and the University to discuss the economic future of the City. These informal groups continue to operate in the City:

'There are always groups of people meeting everywhere. I mean there is a group [of local business people] that meets now, that takes as its name quite a well known pub in the city centre. There are always groups of interested parties, sort of, in our democratic system agitating away quietly in a civilized way' (East Midlands Interviewee 9).

Access to material resources is an important form of instrumental political capital, and can influence the extent to which institutional actors can shape priorities setting and resource allocation choices.

Local Authorities are also influential but the LSEP is not compelled to follow their advice and tension exists between them. The Upper Tier Local Authorities – who control each LSP in the region – are seen by interviewees as a key stakeholder influencing the priorities of the LSEP (East Midlands Interviewee 1). Local Authorities draw upon their *Sustainable Community Strategy* as a platform to inform the development of priorities of *Leicester 2020* (East Midlands Interviewee 7). Some Council officers criticise *Leicester 2020* as being ‘a bit of a woolly statement’ that does not provide a clear vision, or explain how that vision is to be achieved (East Midlands Interviewee 15). There has been tension between the Unitary Local Authorities and the LSEP - ‘some local authorities saw us [the LSEP] as a threat because in a sense we were taking away a function they had done in-house (East Midlands Interviewee 6). As Jessop (1999) and Geddes (2005) argue, the material interests of different organisations constrain partnership working. These interests limit the ability of the LSEP to build political capital. Having identified the political capital formed by LSEP and the constraints placed upon it - in the following section I examine how the LSEP develops this resource.

12.2.4 The LSEP – Political Capital – techniques

The LSEP make decisions about resources within a policy framework that is set by the EMDA. This influence is exercised through organisational hierarchies. The EMDA requires the LSEP to submit an annual business plan that sets out what the partnership intends to achieve and how that will be delivered (LSEP 2004). The business plan must be based on the performance indicators set by the UK Government in the *Tasking Framework*. The EMDA also controls the decision making process around projects through a centralised approach to approving projects. The EMDA can make these decisions because it controls the funding that is given to the LSEP (East Midlands Interviewees 6 & 7). Funding is also ‘heavily biased’ toward capital projects, which ‘strongly limits what you can do’ (East Midlands Interviewee 5).

The Board of the LSEP has membership from the public sector, business, the Third Sector and universities in the region. Board Members recognise their independent role on the Board. 'LSEP is a limited company and obviously as directors your responsibility is to the company' (East Midlands Interviewee 1). These Board members also saw themselves as representing broader organisations and interests, such as the District Local Authorities, the Third Sector and the business community (East Midlands Interviewee 7).

'Inevitably one of the reasons I sit on the board there is I work with business, I understand business. So sometimes, yes, you wear a different hat but ultimately you are there because of the knowledge and expertise you have in that area' (East Midlands Interviewee 1).

The Board of the LSEP played a leadership role in developing the *Leicester 2020* Strategy (East Midlands Interviewee 16). The Board established a sub-group to oversee the development of this strategy and selected its membership. A smaller group made the development of the strategy more manageable and people could be selected who had motivation and the right mix of expertise (East Midlands Interviewee 1). Members of the sub-group each represented the City, County and District Authorities, EMDA, private sector and Third Sector representatives (East Midlands Interviewees 5 & 7). The Vice Chancellor of Loughborough University – who is also a board member – was asked by the Board to chair the sub-group (East Midlands Interviewee 7). The Vice Chancellor was chosen because of her motivation, expertise and independence in relation to local political dynamics. '[The Vice Chancellor] has a very keen interest in this particular area, but having said that one of the other reasons we chose [the Vice Chancellor] was she was fairly new to the patch and dare I say wouldn't know some of the politics of the past which is clearly an advantage!' (East Midlands Interviewee 1). Participation in governance is part of the broader role that universities play in regional development strategies (Goddard & Chatterton 2003).

The Sub-group's role in framing the strategy is also important. It was asked to prepare a draft strategy and come back to the Board with a framework (East Midlands Interviewee 5). 'We sent them [the sub-group] off and said go draft something and then fairly quickly, within a couple of months they came back and said this is how it is shaping up' (East Midlands Interviewee 5). Each representative on the sub-group had an opportunity to provide input to the strategy. The Local Authority representatives fed in priorities that had been developed through their LAAs. This enabled better alignment between local and sub-regional planning frameworks – 'it all starts to fit together' (East Midlands Interviewee 7). The Third Sector representative was able to act as an advocate for disadvantaged communities and for policy ideas such as social enterprises (East Midlands Interviewee 5). University representatives brought new ideas to Board deliberations and provided advice about the use of evidence – 'they [the university representatives] bring more of an intellectual rigor to the Board than what perhaps would be there otherwise' (East Midlands Interviewee 6). A representative of the EMDA was asked to sit on the sub-group to keep them informed and ensure consistency with the RES (East Midlands Interviewee 6).

Stakeholder engagement also helps to build political capital. The consultation strategy for the *Leicester 2020* Strategy focused on including the business community, the Third Sector and the public sector in the process of shaping priorities. Three consultation events were held – separately with the business, government and Third Sectors – an approach that was chosen to get better input from the business community. 'The reason we chose that route was we wanted the private sector sitting there and making comments, raising issues without feeling that people are going to get defensive from the public or the community sector' (East Midlands Interviewee 6). Each event followed a similar format. Officers from the EMDA presented evidence and analysis that identified key economic issues and opportunities (East Midlands Interviewee 6). This led to the emergence of a set of themes – such as infrastructure, image, labour supply and demand – and people participated in small facilitated workshops based on them. Participants were asked about what direction government, business and other stakeholders should be heading in (East Midlands Interviewee 6). The Third Sector event attracted '70 to 80

people' and was 'highly successful' (KL – Interview). Information from these forums informed the development of a draft strategy that was sent to the business, public and Third Sectors for feedback (KT – Interview). In the following section I draw together my conclusions based on the analysis set out in this chapter.

12.3 Conclusion

The purpose of this chapter has been to examine the role of the EMDA and the LSEP in promoting economic development in the East Midlands region. In this chapter I addressed the following subsidiary research question: What type of value is generated by partnerships, and how are these resources associated with the economic development of regions? I have argued that partnerships enhance collective efficacy and build political capital, and that the application of these resources may create and enhance value. The chapter will now conclude with a summary of how this argument applies to the East Midlands and Leicestershire.

The EMDA and the LSEP have generated networks, norms and trust that create the confidence for institutional collaboration. This supports the proposition set out at the conclusion of Chapter 4 that partnerships enhance collective efficacy. This collective efficacy is shaped by the State and business interests in the region. The EMDA enhances collective efficacy by participating within and supporting a regional community of decision makers made up of people representing business interests and the UK Government. Organisational status and interpersonal skills are factors that influence the strength of this community. The nucleus of this regional community was formed through the existing government organisations – such as the Rural Development Commission and Inward Investment Agency – that were merged to create the EMDA in 1999. The UK Government requires the Board of the EMDA to have a business chair and majority membership, and business leaders who work closely with Government. This community is extended to other organisations and interests in the region through the development of the RES. A similar pattern of collective efficacy is evident at the sub-regional scale through the LSEP. The EMDA formed the sub-regional partnerships to replicate its business-led governance structure at a smaller geographic scale in the region. A

competitive process was run by the EMDA to establish these partnerships. The business community in Leicestershire, well organised through Chambers of Commerce, encouraged the City and County to form a sub-regional partnership. This process helped form a sub-regional community of decision makers made up of civic and business leaders in Leicestershire. This is the core of the Board and Management of LSEP where the Chief Executive plays an important brokering role. Voluntary organisations and universities have also been incorporated into this decision making community.

This collective efficacy has created a platform for building political capital. The EMDA and the LSEP have built political capital which articulates these regions as places where knowledge-based businesses and workers should locate. The RES is the key document that articulates this vision and it sets out a range of themes and measures of progress, which guide the policy choices of the EMDA. The LSEP has also developed a strategy that articulates its own vision within this policy framework set by the EMDA. This supports the proposition that partnerships generate political capital. Structural political capital is shaped by the UK Government and business interests, and is limited by fragmented relationships between Local Authorities. Legislation, inter-personal relationships, the Board, and research skills seem to be important forms of instrumental political capital. Local Authorities are more connected with the LSEP and the quality of inter-personal relationships seems to be a significant factor. The authority to undertake this work is established by the RDA Act (1998) and performance is monitored through mechanisms like the *Tasking Framework* and the scrutiny role of the EMRA. Local Authorities compete against each other and are disconnected from the work of the EMDA because they are not compelled to align their planning functions. Business interests are able to influence strategic direction of the EMDA and the LSEP through their leadership role on their Board's of management. The EMDA and the LSEP undertake research and analysis that provides a framework to discuss priorities and conduct broader stakeholder and community engagement. This framework is based on ideas such as market failure, equity, and path dependency. Other organisations and interests have the opportunity to influence the EMDA and the LSEP within this framework through the consultation

process for the RES and the *Leicestershire 2020* strategy and also through the scrutiny role of EMRA.

There is some evidence that the EMDA and the LSEP have applied these resources to promote regional economic development. The *Leicester 2020* strategy articulates the region that should be attractive to knowledge-based firms and workers. There is a range of initiatives identified in this strategy that are designed to create and enhance value. The data I have collected identifies a small number of examples of how the LSEP has undertaken this work. The LSEP has developed a brand for the region to help attract more private and public investment into the region. It has led delegations of civic and political leaders to China and India to market this brand and raise the profile of Leicestershire as an investment destination in these countries. I cannot determine whether these strategies have had an impact upon levels of inward investment. Collective efficacy allows the LSEP to bring institutional actors together to create and enhance value. The LSEP has brought the university and business community together to explore opportunities for joint ventures around research and development. Investors have come to the LSEP to test ideas about development proposals, and helped broker agreement with Local Authorities. Having evaluated how EMDA and the LSEP promote regional development, and who shapes this agency – in the following chapter I compare and contrast the findings from each case study.

13 COMPARATIVE ANALYSIS

13.0 Introduction

The purpose of this chapter is to compare the findings from the two case studies. The chapter begins by analysing how the economy of each region is changing through processes of strategic coupling. I then discuss how the state is restructuring in response to these changes and which actors have the resources and means to influence these processes. In the final section of the chapter I examine how partnerships enhance collective efficacy and build political capital, and the association between these resources and the economic development of regions. I conclude the chapter by discussing these findings in relation to the theoretical debates set out in Part 1 of this thesis.

13.1 Economic Change

As we saw in Chapter 2, Coe et al (2004) argue that in a globally competitive economy regional development is dependent upon the coupling of regional assets with GPN's. Cooke and Morgan (1998), Hudson (2007), and Boyle et al (2008) argue that a range of possible trajectories may result from these restructuring processes, including loss of manufacturing, growth in knowledge-based industries, and growing socio-economic inequalities. A set of theoretical propositions was made at the conclusion of Chapter 2 to guide my analysis. In each of the case studies a similar pattern emerges that supports these propositions.

The East Midlands and Cradle Coast regions are both experiencing structural and distributional impacts from increasing globalisation. Trade liberalisation is placing competitive pressures upon industry in both regions. Competition from other regions based on labour cost had negative impacts during the 1980s through the decline and restructuring of manufacturing in. It is now more cost effective to manufacture clothing and chemical products in India and China than it is to produce them in the UK or Australia. Firms that are less exposed to these competitive pressures and closely linked to regionally based assets are growing, such as transport and logistics in the East Midlands

and food manufacturing in the Cradle Coast. These are reflected in patterns of advantage and disadvantage that have emerged in the East Midlands and Cradle Coast. Local communities that are dependent upon relatively low skilled manufacturing and marginal extractive industries – which are vulnerable to competition from other regions - have suffered. Local communities and workers that are linked to industries that are internationally competitive have prospered. In the Tasmanian case, climate change is also an important exogenous factor impacting upon the region’s economic development. Interviewees see climate change as an economic opportunity that will allow the region to capitalise upon its mild climate, water resources and a ‘clean and green’ image. This is an important addition to the theoretical framework that I have developed.

These patterns of distributional and structural change support the argument that regional economic change is the result of strategic coupling. The East Midlands and the Cradle Coast each have their own assets based on natural endowments and the path dependent nature of economic development. Each region has developed economies of scale in industries that are closely linked to these assets. The Cradle Coast region has significant advantages in terms of environmental capital – mineral deposits, fertile soil, mild climate and ample water resources. Industries that capitalise upon these assets such as agriculture, mining, food manufacturing and tourism are linked to GPNs and are the main source of the region’s wealth. The East Midlands and Leicestershire have advantages in terms of environmental and physical capital. Economies of scale have developed in industries which are closely linked to these assets like transport and logistics, and some high technology manufacturing. This region also benefits from its proximity to London, and it appears that high income earners work in London and commute from the region because of its lifestyle advantages. Levels of human capital – skills, leadership and work experience – are identified as important in terms of succeeding in this competitive environment. Interviewees place emphasis upon education and training for the existing workforce, and investing in factors that help attract and retain skilled workers – as strategies to successfully adapt to this competitive environment. Having identified similar patterns of economic change across both regions – in the following section I compare and contrast the role of institutional actors.

13.2 Role of Institutional Actors

At the conclusion of Chapter 3, I set out a theoretical proposition that the State will support regional partnerships by devolving and democratizing decision making authority, but will set the rules for these restructuring processes. Processes of devolution and democratisation are contested and implemented through techniques such as establishing regionally based boards of management and budgetary arrangements. My analysis supports this proposition. The State is responding to economic change in each case by focusing investment in regional assets. There is a shared policy objective between the Australian Commonwealth and UK Governments to reduce inequalities between what are defined as high-performing and under-performing regions within their national jurisdictions. In Australia, eight disadvantaged regions were identified by the Federal Government under its *SRP*. The UK Government has a policy objective of closing the gap between the high performing South-East and the rest of the country. In both case studies the State is implementing a common approach of organising the delivering regional development initiatives through strategies of devolution and democratisation. These strategies are important because they allow decision makers within the State to work with institutional actors to identify the assets of each region and tailor initiatives that invest in them. The rules of engagement are set by the State through formal administrative mechanisms such as legislative reforms, Partnership Agreements, contracts and budgetary procedures. Funding is conditional upon engagement with business and other social interests within each region. An important addition to the existing literature is the role of Ministerial and bureaucratic leadership in ensuring collaboration between different departments and agencies within the State.

There is a mixture of competition between state-based organisations and collaboration based on relationships of mutual advantage. In both cases there is a distinct hierarchy between the levels of government and they play different roles based on their roles and responsibilities, and the resources that are available to them. This suggests fragmented and competitive regional governance – rather than a coherent system of regional decision

making. Australia has a Federal system of Government, and the Commonwealth and Tasmanian State Governments have a much greater capacity to invest in the regions assets. Both levels of government have invested in regional assets through separate mechanisms – the *SRP* and *Partnerships Agreement Program*. Local Councils in Tasmania are much more constrained – their powers and resources are set by the other levels of government – and they tend to compete against each other to access these resources. They have also been proactive in working together to influence regional economic change when it is in their interest to do so. The governance landscape in the East Midlands seems to be more fragmented and complex even though the UK has a unitary system of government. Each Local Council in the East Midlands and Leicestershire region seem to have their own approach to undertaking economic development. Relationships tend to be fragmented and there is competition for resources between the Councils. Divisions exist between the City and the County Councils and between the Unitary and District Authorities. There are weak links between the RES produced by the EMDA and the planning frameworks of these Local Authorities. In both case studies, collaboration between Local Authorities is the result of pressure from higher levels of government, such as pressures to amalgamate and/ or to include other institutional actors in decision making.

Business, universities and Community Sector organisations are the other institutional actors who have the resources and means to influence regional economic change. These actors have applied resources in attempts to influence the policy choices of the State in both case studies. This participation is motivated by material interests, particularly the need to access resources that can help regional economies adapt to structural change. This influence is exercised through interpersonal networks that are exclusive to a group of civic and business leaders in the region who are connected to points of political authority. These constitute ‘networks of influence’ that shape the meta-governance of regional development. In the UK case study, a strong and well organised business community exists in the region through representative bodies such as Chambers of Commerce and the Confederation of British Industry. These representative bodies work closely with Local Authorities, different departments and agencies of the UK Government, and the

European Union. The business community in the Cradle Coast region is more loosely organised through business leaders who have close personal relationships with decision makers at a Local, State and Federal Government level. Civic and business leaders seem to be able to set the terms of engagement for other institutional actors. These networks also seem to improve the efficacy of decision making by improving flows of information and resources between decision makers. In both case studies universities worked closely with government and business, and Third Sector organisations were co-opted when needed. Trade Unions and social movements are not involved in regional governance within either case study.

13.3 Role of Partnerships

At the conclusion of Chapter 4 I set out a theoretical proposition that partnerships create the confidence for institutional collaboration and this provides the platform to articulate a shared interest. This is underpinned by collective efficacy and political capital which can be applied to create and enhance value. The CCA, the EMDA and the LSEP are regional partnerships that have been established over the past decade as a means of promoting regional development in the Cradle Coast and East Midlands regions. They have enhanced collective efficacy and built political capital, and these resources have been applied to create and enhance value. These findings support the proposition about the association between partnerships and the economic development of regions that I set out at the conclusion of Chapter 4. There are also important structural constraints on this role which is determined by the dynamics of a globally competitive economy and the modest response of the State to these restructuring processes.

The CCA, the EMDA and the LSEP enhance collective efficacy by building social networks, shared norms and trust amongst institutional actors who have the resources and means to influence regional development outcomes. These collaborations are exclusive to civic and political leaders within these regions, and also with people who have political authority outside of each region in places like London and Canberra. This constitutes a regional community of decision makers in each region and creates the confidence needed for institutional collaboration. Third Sector organisations and universities have also been

co-opted into this community, but the terms of their engagement are set by the State and business interests. Formal administrative arrangements – the Board, Representatives Group and Project committees – provide the ‘hard infrastructure’ to support this community. ‘Soft infrastructure’ is provided by people working within regional partnerships who play brokering roles and invest time in building and maintaining personal relationships. Personal skills and attributes such as emotional intelligence, mediation and the ability to communicate are important. Partnerships do not have an independent source of authority or democratic legitimacy. Collective efficacy is limited by structural constraints that are generated by strategic coupling and the modest response of the state to this restructuring. It is also limited by the material interests of different institutional actors and the competition between them, such as conflicts between Local Councils in the Cradle Coast region. Within these constraints, collective efficacy creates a platform for organisations to work together and articulate a shared regional interest.

The key mechanism for building political capital is a regional plan that establishes priorities for creating and enhancing value. Partnerships build political capital, which is a resource that gives these decision making communities the capacity to articulate a shared interest and to influence decisions about the allocation of resources. The EMDA and the LSEP articulate the East Midlands and Leicestershire as desirable places for knowledge-based firms and workers. This vision is set out in a single plan at a regional and sub-regional scale that specifies objectives and measures of progress. These plans support an argument that the key asset of the East Midlands and Leicestershire is human capital. The CCA focuses upon investing in the region’s environmental capital and developing competitive advantage in tourism, agriculture and food manufacturing. The CCA employs an opportunistic and dialogic approach to regional planning and priority setting and these priorities are embedded across a range of planning frameworks. Separate plans have been developed for tourism, natural resource management, and climate change. These plans are used as mechanisms to access resources from the State and invest them in regional assets.

In both cases structural political capital is shaped by the State – mainly through contractual arrangements such as the *Tasking Framework* in the East Midlands case – which is used to monitor performance against pre-determined benchmarks. Funding regimes for the CCA are more fragmented and as a consequence it adopts a more opportunistic approach to planning and priority setting. This suggests that access to the legitimate authority of the State through programmatic mechanisms is an important component of political capital. Business leaders on the board and the management team of each partnership are the key actors who shape priority setting and resource allocation choices. These actors synthesize qualitative and quantitative information about the region to determine key issues affecting regional economic development. They apply concepts such as path dependency and market failure, and examine the role of other institutional actors to determine whether there is a role for the partnership in addressing these issues. This background research establishes the framework for engagement with other organisations and interests within the region. The business community is most active in seeking to influence the policy choices of these partnerships and civic leaders within the region. Access to material resources shapes the extent to which institutional actors are able to influence the State. This suggests that access to material resources, expertise in regional economic development, and research skills are all important forms of instrumental political capital.

Collective efficacy and political capital are applied through these partnerships to enhance and create value. Social networks between actors enable more efficient flows of information between organisations, and also improves familiarity, trust and confidence amongst institutional actors. In the Tasmanian case, collective efficacy has helped to improve flows of information amongst tourism firms. This has led to value enhancement through improvements in the transfer of good business practice, and encouraging innovation across the sector. The LSEP has a strong relationship with the business community. The LSEP has acted as an intermediary between business and Councils to reduce transaction costs associated with negotiations about new development proposals, which may be associated with value creation. Collective efficacy gives institutional actors the confidence to articulate a shared interest about regional advantages and identify what

kinds of resources are needed to invest in the regions assets. The CCA undertakes tourism planning and resource allocation at a regional scale. The CCA works on behalf of a range of institutional actors to attract resources and invest in regionally identified priorities, which enables the region to access resources from the State and invest it more efficiently and equitably. In this case political capital is associated with value creation. Political capital also enables a regional approach to marketing and branding as a means of attracting more visitors to the region. The LSEP and the EMDA have been able to mobilise political capital to develop a regional brand and market the regions advantages in India and China. This strategy may help attract foreign investment and expand export markets contributing to value creation.

13.4 Conclusion

The purpose of this chapter has been to compare the findings from empirical analysis of the two case studies. There are more similarities between the case studies than there are differences. These findings support the theoretical propositions set out at the conclusion of each chapter of the literature review. In both case studies, competitive pressures associated with globalisation are leading to specialisation in industries that are linked to regional assets. These restructuring processes are controlled by actors embedded in GPN whose interests lie in maximizing profits. This supports the argument made by Coe et al (2004) that strategic coupling is controlled by actors embedded within GPN. The structural and distributional impacts of these changes suggests that globalisation can be a 'zero-sum' game that generates winners and losers (Held et al 1999, Hudson 2007). While local communities and workers reliant upon manufacturing industries that are exposed to global competition have lost out from these changes, those that are linked to internationally competitive industries have prospered. Climate change is an emerging exogenous force that is likely to have a range of restructuring effects upon these regions. Human capital is another important variable in adapting to these changes and developing new sources of competitive advantage(Cooke and Morgan 1998 Boekema et al 2000, Florida 2002) .

The State has the legitimacy and authority to redistribute resources and intervene to shape processes of strategic coupling. There is a stated policy objective in Australia and the UK of reducing inequalities between regions. My analysis suggests that a modest intervention, whereby the State responds to economic change by investing in regional assets, may be effective. This would require state decision makers to understand the assets and path dependent nature of economic growth within different regions. Various organisations such as businesses, universities, and community groups also have influence over these assets. Strategies of devolution and democratisation – as the state undergoes a restructuring process downwards to cities and regions and outwards to non-state actors – create new forms of inclusive governance within these regions that allow the State to extend its influence (Deas and Lord 2006). These policies are shaped by networks of influence that include civic and business leaders. Universities and Third Sector organisations are then incorporated into these networks – whilst Trade Unions, social movements and the broader community have a marginal role. This supports the argument that networks play an increasingly important role in how local and regional economic development strategies are organised and delivered (Seddon & Billet 2005, Considine 2008). However, as Hadjimichalis and Hudson (2006), Hudson (2007) and Langendijk (2007) argue, these networks may exclude other organisations and social interests in the region. It seems that hierarchal organisational forms and vertical lines of accountability dominate regional governance, and collaboration between different departments and agencies of the State are precarious.

Regional partnerships support these strategies of devolution and democratisation through the enhancement of collective efficacy and building political capital. Collective efficacy creates the confidence for institutional collaboration and helps bind together different organisations and interests within regional development strategies. In both cases the scope of this collaboration is controlled by a community of decision makers that is made up of civic and business leaders. This community is supported by a board of management, the brokering role of partnership staff, and inter-personal relationships linked to organisational and social status. This supports the arguments made by the Productivity Commission (2003) that social networks improve the flow of information

amongst institutional actors and generates economic benefits through innovation. Political capital is a resource that allows this community to articulate a shared interest and attract resources. Access to material resources and the authority of the State – together with the skills to mobilise evidence and analyse evidence are forms of instrumental political capital. The scope of this shared regional interest is shaped by the structural constraints generated by processes of strategic coupling and the material interests of civic and business leaders. Political capital has been applied to attract resources from the State and actors embedded within GPNs in these regions. This seems to suggest that partnerships help develop institutional structures that can create and enhance value. These partnerships contribute to regional development by enhancing collective efficacy and building political capital between the State and institutional actors who have the resources and means to influence processes of strategic coupling. Having compared the findings of the two case studies – in the following chapter I conclude the thesis.

PART 3: CONCLUSION

14 CONCLUSION

14.0 Introduction

The purpose of this chapter is to conclude this thesis by answering the key research question. The chapter begins by answering the key research question and reflecting on how this differs from existing research about regional partnerships. I then discuss the limitations of this research and what it means for the theoretical foundations of this research agenda. This highlights ongoing questions and areas of theoretical uncertainty that could be addressed through future research. In the final section of the chapter I set out the implications of this research for the various institutional actors involved in regional development strategies.

14.1 Addressing the research question

I established this inquiry by asking the following key research question: *do partnerships promote regional economic development, and if so who shapes this agency?* Partnerships contribute to regional development by enhancing collective efficacy and building political capital between institutional actors who have the resources and means to influence processes of strategic coupling. Collective efficacy supports the formation of regional communities and this collaboration improves flows of information between actors. This creates the confidence for institutional collaboration. Collective efficacy is built and maintained through management committees, and individuals who play a brokering role and invest time in relationship building. Collective efficacy can have spin-off effects such as increasing the pace and depth of innovation amongst firms. Political capital is a resource that allows this community to articulate a shared interest and influence the allocation of resources. Partnerships build political capital by developing regional plans that set out medium term priorities, actions to achieve them, and measures of improvement. Political capital is determined by the policy and resource allocation settings of the State. Instrumental political capital is the resources that actors use to influence what priorities are selected, and where resources are allocated. Forms of instrumental political capital include: access to material resources, the ability to synthesize and communicate quantitative and qualitative information, interpersonal

relationships with and between people with decision making authority, and membership of partnership board of management. This resource is applied to attract resources from the State and GPN to invest in, and capitalize upon regional assets.

The role of these partnerships is shaped by the dynamics of a globally competitive economy, and how the State responds to these restructuring processes. My analysis supports the propositions about regional economic change that I set out at the conclusion of Chapter 2. Increasing globalisation places competitive pressures upon industry and has led to the specialization of economic functions within each region. Export orientated firms that are succeeding are closely linked to regionally based assets, which are derived from natural endowments, past infrastructure investments, and geographic proximity. Globalisation has structural and distributional consequences that generate clear geographic, economic, and social divisions between winners and losers. The State does not challenge increasing globalisation or these distributional outcomes, but it responds to it by investing in regionally based assets. The way this support is organised and delivered supports the propositions that I set out in the conclusion of Chapter 3. Strategies of devolution and democratisation support new forms of inclusive governance within these regions. The State sets the terms for this engagement through selecting who sits on boards of management, determining performance management regimes and establishing rules for the allocation of resources. Business interests are well organised and form networks of influence with political and bureaucratic leaders. These networks of influence increase the efficacy of regional governance and are able to shape which interventions are selected, and what kind of economy develops in these regions. Other institutional actors – universities and third sector organisations – are then co-opted into these arrangements and seem to have little influence over the role of partnerships.

As we saw in Chapter 4, the association between partnerships and the economic development of regions is at present unclear. Coe et al (2004) provide theoretical guidance about this association by arguing that institutional structures can facilitate strategic coupling through creating, enhancing and capturing value. These strategies should enable regions to develop economies of scale and scope, which as we saw in

Chapter 1 is about creating internationally competitive and innovative industries. However, Coe et al (2004) do not specify the contribution that partnerships may make to these processes. Based on my own experiences, a critical review of the literature about regional partnerships, and the taxonomy of assets that I identified in Chapter 2, I developed some theoretical propositions about how partnerships may be associated with processes of strategic coupling. This theory about collective efficacy and political capital establishes an association between partnerships and regional economic development that can be empirically verified. I developed and tested this theoretical framework through analysis of case studies of partnerships in Australia and the UK. The development of this theoretical framework is my primary contribution to the literature on regional partnerships.

14.2 Limitations of this research

The conceptual foundations and methodology for this research does have some limitations. The research problem and question was motivated by a mixture of my professional and academic experiences. I did not engage with a particular problem regarding regional partnerships, such as by asking questions about who controls these initiatives, or the quantity and quality of social networks between decision makers. These are valid and appropriate lines of inquiry, but I saw a broader problem that the association between these partnerships and the economic development of regions is at present unclear. Engaging with this research problem required me to establish a conceptual foundation that was multi-disciplinary, which underpinned a research strategy that I used to investigate multiple structures, processes, decisions and agents. As a sole researcher undertaking a PhD I am limited by a lack of resources. There are some issue raised in this thesis – such as those related to processes of strategic coupling - that I feel could have benefited from more detailed analysis. I could only interview a limited number of people and so my methodology focused upon people working in partnerships rather than those in multi-national corporations and their supplier firms.

My main source of evidence was in-depth interviews with people who worked in regional partnerships. My objective in terms of the maximum number of interviewees I thought

was appropriate for a single researcher was achieved. I relied upon people volunteering to participate and I did not achieve my objectives for the mix of interviewees. In the Tasmanian case study I did not interview anyone from the Western half of the region from towns such as Strahan and Queenstown, which interviewees indicated was different in terms of economic history, culture and regional development issues (Figure 2). In the East Midlands case I did not interview anyone from the Board of the EMDA. Some interviewees deviated from the set questions, or spent a lot of time on some themes at the beginning, which meant I could not ask some questions toward the end of the interview. As a result, some of the transcripts were more skewed to some themes at the expense of others. Because the interviewees had their own time constraints, and I was in the region for a limited period of time it was difficult or not an option to organise follow-up interviews. In other instances an interesting and unexpected theme would emerge in the interview, and I chose to explore it because I was unlikely to discover it elsewhere. My experiences of working in government helped me engage with the interviewees when they were talking about internal administrative processes. For these reasons it would be difficult to replicate this interview design in another study.

The theoretical propositions at the conclusion of each of the literature review chapters were designed to act as a heuristic device to analyse the data. They were a conceptual guide rather than clear propositions about the role of partnerships in regional development strategies that can be affirmed or denied. These propositions also developed as I undertook the analysis. This was an interactive inductive / deductive process of searching for themes, relating them back to the literature review, and vice versa. Concepts like collective efficacy and political capital emerged from my field work because they helped me explain what was occurring within these partnerships. My meetings with other academics helped open up new debates that I then used to explore the data. Again these very personal experiences would make it difficult to replicate this study and draw generalizations from it. Chapters 5 and 6 are designed to overcome this limitation by detailing how I undertook this research so someone else could use my approach as a guideline for further study about the role of partnerships within regional development strategies.

14.3 Theoretical implications

In this section of the chapter I will discuss how this research develops a theoretical framework to understand the role of partnerships in regional development strategies. This encompasses:

- Globalising regional development
- Regional governance
- Role of partnerships in promoting regional economic development.

14.3.1 Globalising Regional Development

The NR is important because it situates regional development within a globally competitive economy. The NR argument about globalisation is descriptive and does not specify the logic that is propelling processes of globalisation and the diversity of restructuring effects that may be felt in different regions. Cooke and Morgan (1998) and Cooke (2007) have a narrow interpretation of these changes and focus on the emergence of a knowledge-based economy. This places focus upon regional innovation systems made up of high technology manufacturing firms and relationships with research and development intermediaries. Coe et al (2004) develop a theory of strategic coupling that addresses these weaknesses in the NR literature. Regional development is dependent upon the strategic coupling of global production networks with regional assets. I incorporated the taxonomy of regional assets from Green and Haines (2008), which includes a broad range of endowments that can aid production. There may be a range of development trajectories that emerge from this dynamic interaction. In both case studies my analysis shows that regional specialization is occurring, whereby competitive pressures are forcing a narrowing of the industry base in each region. This theoretical approach provides a means of comparing and contrasting the path dependent nature of regional economic development across jurisdictional boundaries.

14.3.2 Regional Governance

Henderson et al (2002) argue that power is decisive in shaping regional development outcomes. The State is the main institution which shapes processes of strategic coupling.

Jessop's strategic-relational approach argues that the State is interdependent with the economy, and various social forces pursue their interests to shape how this authority is exercised. This approach combines centered and relational concepts of power to examine the multiple factors that shape regional governance (Jessop 2006, Lagendijk 2007). Centered perspectives helped me reveal that power resides with the State and those who have control over production. Exercising this power is contingent and often based on trying to solve ongoing problems and crises. The governmentality perspective showed how exercising this power is dependent upon techniques such as performance indicators, contracts, and budgetary procedures - and these relations are often contingent and contested. Inter-personal networks between people and organisation are also important in coordinating decision making, excluding some interests, and supporting collaboration between organisations. This multi-dimensional approach to analysing power works, and can help understand who controls regional governance, and how this influence occurs.

The findings from each case study confirm there are particular tendencies in the ways in which this power is exercised. The nature of state restructuring involves reaching downwards to regions and outwards to non-state actors (Deas and Lord 2006). This restructuring allows decision makers within the State to work with institutional actors to identify the assets of each region and tailor initiatives that invest in them. These processes are contested and uneven. There is a distinct hierarchy between levels of government and between different departments and agencies of the State. Business leaders and associations played a prominent role within each case study. Their material interests lie in protecting and growing future profits. They are well organised politically and have good inter-personal relationships with civic leaders and points of political authority. This suggests that the State makes decisions that match the interests of those who control production at the expense of other social interests (Jessop 2006, Hudson 2007). Universities play an important role because they are seen as an asset that can be capitalized upon to attract people and investment into each region. Third Sector organisations play a lesser role and they contribute to policy objectives related to social equity and environmental sustainability. Trade Unions and social movements are marginal to economic development strategies within both regions.

14.3.3 Role of Partnerships in Promoting Regional Economic Development

Partnerships are supported by the State and involve these institutional actors. Authors such as Bellamy et al (2003) and Smyth et al (2004) argue that the influence of partnerships is limited, as the State controls which interventions are selected and how resources are allocated. In both case studies the role of partnerships is shaped by the interests of civic and business leaders, and actors embedded within GPNs. These partnerships do not have an independent source of power and they are dependent upon the resources and means that are held and exercised by these institutional actors. The NR supports an argument that partnerships give regions collaborative advantage, help solve complex policy problems and increase the likelihood that regions can adapt to rapid change (Wheeler 2002, Davidson and Lockwood 2007). Partnerships generally convene a board of management that develops a plan and mobilizes resources to deliver it (Carley et al 2000). Success factors include local leadership, budgetary flexibility, experience at partnership working, and high quality inter-personal skills (Ling 2002, Wilkinson 2005). In both case studies there is evidence that partnerships do create the capacity to solve complex problems, and some mechanisms have been introduced to support more flexible forms of decision making and resource allocation. The NR does not specify how partnerships are associated with the economic development of regions, and as we saw earlier in this chapter this is where my thesis makes its main contribution.

14.4 Future Research Agendas

14.4.1 Globalising Regional Development

Climate change and local liveability are two factors contributing to regional economic change that emerged from the case study analysis which are currently not prominent in the literature. The dominant argument in the literature at the moment is about the restructuring effects of economic globalisation. In the Cradle Coast case study climate change is also identified as an important exogenous factor impacting upon the region. Interviewees see this as an economic opportunity and had begun to map out an adaptation strategy to take advantage of these changes. Further research is warranted about

restructuring the economic risks and opportunities presented by climate change within different regions, and how institutional actors in these regions are developing strategies to successfully adapt to these changes. Institutional actors within the East Midlands and the Cradle Coast are marketing the assets the attractiveness of their regions to knowledge-based industries and firms. A number of factors may influence the investment decisions of firms and people that relocate to such as areas, such as housing affordability, a relaxed lifestyle, attractive natural landscapes and high quality public services. Further research is warranted on the factors associated with this local liveability, whether they attract knowledge-based firms and skilled workers to regions, and how institutional actors may influence these factors.

14.4.2 Governing regional development

There is a lack of attention in the literature to the mechanisms through which political authority is restructuring downwards to regions and outwards to non-state actors. Analysis in each of these case studies has identified a number of these mechanisms and how they operate warrants further research. In both case studies Ministers and Local Members of Parliament are important agents in shaping policy outcomes and resource allocation. For example, the UK Treasury Secretary, Ed Balls, and the Chancellor of the Exchequer, Gordon Brown, played important leadership roles in elevating the importance of regional development policy within government. The UK Government has recently appointed Regional Ministers and further research is warranted on the role they play and how they can strengthen democratic accountability for agencies such as the EMDA. Within each case study there are pre-existing networks of influence that connected these civic leaders with the business community. The nature of these networks – how they evolved, what information and resources flow through them, who is involved, and how they are sustained – warrant further research. Universities and Community Organisations are relatively new actors in regional governance – whilst trade unions and social movements are marginal. Further research is warranted on the unique resources these other institutional actors contribute to regional governance, and to understand why they are not involved.

14.4.3 Partnerships and Regional Economic Development

Future research about partnerships can help improve our understanding of how they contribute to regional economic development through enhancing collective efficacy and building political capital. The significance of an independent broker is not evident in the literature about regional partnerships and further research about how they negotiate and build confidence amongst institutional actors is needed. Further research into the relationship between collective efficacy and more efficient and equitable forms of resource allocation are also needed. This could focus on particular case studies of partnerships support industry development within sectors such as tourism, agriculture and manufacturing. Political capital is a relatively new concept and academic research into it has been limited (Green and Haines 2008). Instrumental political capital is defined as those resources that actors can apply to influence priority setting and resource allocation. The ability to synthesise and communicate quantitative and qualitative information - and access to material resources and the authority of the State seem to be important components of instrumental political capital. Political capital can help explain how regions attract mobile resources from GPN and can make claims upon resources from the State. Further research is needed on how political capital is formed and can be utilised to attract these resources.

14.5 Policy implications

There are several policy implications that emerge from this study for governments and other institutional actors that are involved in regional development strategies. These recommendations may already be in place and should be treated as guidance for those people involved in regional development. I propose the following public policy recommendations for governments in Australia and the UK:

- Focus on disadvantaged communities: There is a need to focus upon population and place based socio-economic inequalities that exist within regions. Certain neighbourhoods or towns may be more vulnerable to economic change than others, and clear information is needed to help ensure that policies and resources support people who live and work in these areas.

- Addressing climate change: Climate change is an increasingly important public policy issue and its distributional impacts will be uneven. Working with regions that are vulnerable to environmental and industrial changes linked to climate change is an area that deserves increased policy focus.
- Asset based development: There is a need to recognise the path dependent nature of economic growth, clearly articulate regional assets, and invest in them accordingly. If there are deficits apparent in assets like human and social capital that are important in terms of competitiveness and equity - then resources should be redistributed to invest in them because labour is relatively immobile. There is a risk that transplanting concepts such as ‘regional innovation systems’ can mask the specific place-based factors that contribute to growth within different regions.
- Long term policy commitment to regional equity: National policy frameworks that recognize spatial inequality and allocate investment to address it are important. Without these policy mechanisms deep and inter-generational forms of disadvantage can emerge which disrupts lives and wastes resources. These processes are generational and policy responses require long term bipartisan commitment.
- Promoting civic leadership: Ministers, Local Members and senior bureaucrats can play an important role in regional development strategies. They can improve the efficacy of public administration through their direct involvement by reducing transaction costs associated with decision making. The authority of these leaders can be applied to ensure collaboration and to coordinate resource allocation between departments and different levels of government. Importantly – they can improve linkages between partnerships and institutions of representative democracy.
- Developing partnership skills and capabilities: People working in partnerships play an important brokering role that encourages collaboration amongst organisations and interests in the region. Recruitment, training and career advancement should recognise these skills in inter-personal communication, networking, mediation and negotiation. Relationship building also takes time and

activities like attending meetings, catching up for coffee, and making presentations to stakeholders should be valued.

- Inclusive regional development strategies: community organisations, trade unions and social movements should be encouraged to get involved in regional development strategies. These organisations and interests should have more of a say over how regional economies develop, and can help achieve social equity and environmental sustainability objectives within regional development strategies.
- Flexible approach to regional planning: it is not necessary to have a single regional plan that guides resource allocation within a region. Regional planning can be done effectively in an opportunistic manner based on emerging risks and opportunities. Governments need to be flexible enough to adapt organisational and funding regimes to different planning methodologies.
- Building political capital between regions: there are regions across Australia and the UK that face similar challenges and opportunities. Effort could be put into increasing opportunities for decision makers in these regions to learn from each other, exchange ideas, and potentially form alliances to advocate for resources and policy change.

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APPENDIX 1: INTERVIEW DESIGNS FOR THE EAST MIDLANDS CASE STUDY

Interview design for people who work in the East Midlands Development Agency

Introduction

Introduce yourself – talk a bit about yourself, personal and professional

Remind them briefly about the research – what it's all about, interview to be recorded – are you happy?

Check with them how long you've got for the interview?

If restricted – possibly another time? (If that's not possible focus on the most important questions)

At that point turn on the voice recorder

Get them to reflect on that they've done, how they've got their, history in the region

Closing the interview

1. never shut off the tape deck until they've left the room
2. always ask them if there is anything else they'd like to add that hasn't been covered
3. ask them if there are any documents I should look at that would be useful for my research
4. anyone else that you could recommend I should talk too

Theme 1: Origins of the EMDA

Note - also ask participants to reflect on their own areas of work (e.g. skills and communities, land and development) in answering these questions.

1. How was the EMDA established (and in particular) who were the prime movers in getting it up and running?

Prompters:

Is there a history of development agencies in the region, and what issues have they traditionally responded to? (E.g. Employment change, population loss, environmental challenges...)

(If a predecessor: what sort of functions did it fulfil?)

How was your area of work established? / Did you have to follow any guidelines set by Central Government?

What makes the East Midlands region different to others in England? / How is the EMDA different to other regional development agencies?

Do people identify themselves with the region?

[Maybe- how the organisation has changed over time??]

2. How did you go about involving people across the region in establishing the EMDA? / your area of work

Prompters:

What sort of governance arrangements did you establish?

Who controlled/ drove the process?

Were their particular groups or people you were targeting? / What was the thinking behind this?

How do you select people and organisations that are involved in work of the EMDA? (e.g. what criteria- leadership qualities, professional networks, profile in the region)

Theme 2: developing a work plan for the region

3. How does the [EMDA] go about determining priorities for regional development?

Prompters:

How do you go about setting priorities for the most recent Regional Economic Strategy?

Who was influential in terms of shaping priorities and attracting resources in the implementation plan?

How did you engage the Regional Assembly?

How do you go about determining priorities for [particular area of work]?

How do you go about working across the EMDA?

How do you engage the board?

How do you approach new issues that emerge in the region?

Which organisations or individuals are important in terms of making things happen for the EMDA?

How do you connect with Local Government plans?

Theme 3: relationships with government

4. How do you go about setting the performance targets set out in the Regional Economic Strategy?

Prompters:

How do these targets relate to those set out in Public Service Agreements?

How closely do you work with Ministers and Westminster MP's?

How do you work with the Regional Government Office?

Are there differences in engagement/ support across UK Government departments?

How does the EMDA go about influencing policy and resource allocation decisions of central government (e.g. spending reviews)?

Theme 4: Relationship building across the region

5. How did the EMDA go about establishing the Sub-regional strategic partnerships?

How do the sub-regional strategic partnerships relate to Local Government?

What role do Local Councillor's play?

How do you allocate responsibilities to the SSP's?

6. How have you gone about identifying business and community leaders to work with the EMDA?

Prompters:

Who makes decisions about this involvement? / How are these decisions made?

Who's your main advocate or champion?

What role does the regional assembly play?

How has business been involved with work of the EMDA, what do you see as the benefits for them?

How do you incorporate the priorities of SSP's and LSP's into your work?

Are there other organisations out there that need to be more involved?

Interview Design for Board Members of the LSEP

Introduction

Introduce yourself – talk a bit about yourself, personal and professional

Remind them briefly about the research – what it's all about, interview to be recorded – are you happy?

Check with them how long you've got for the interview?

If restricted – possibly another time? (If that's not possible focus on the most important questions)

At that point turn on the voice recorder

Get them to reflect on that they've done, how they've got their, history in the region

Closing the interview

- never shut off the tape deck until they've left the room
- always ask them if there is anything else they'd like to add that hasn't been covered
- ask them if there are any documents I should look at that would be useful
- anyone else I should talk to

Theme 1: origins of the LSEP

1. How was the LSEP established? / Who were the prime movers in getting it up and running?

Prompters:

Did the LSEP replace or add value to something that was happening before (e.g. more informally)?

What makes this region different to others in the East Midlands?

Which regions do you compare yourselves with?

Do people identify themselves with the region?

2. How did you become involved in the LSEP? / How were you selected?

Prompters:

What do you see as the benefits of your involvement in terms of your own job?

How has your commitment to the LSEP changed over time?

Why has it changed?

Theme 2: developing a vision

3. Do you feel you have a say over decisions about policy and resource priorities of the LSEP?

Prompters:

Does the LSEP have a say over policy and resource priorities of EMDA?

Who's influential in terms of shaping priorities for the LSEP? (Both externally and internally)

Does the LSEP have a profile in the broader community?

Does the LSEP take a medium to long term view (when determining priorities)?

Have the attitudes of key partners toward the LSEP changed over time?

4. How important is investment and jobs growth for the LSEP/ How does it balance this priority against social and environmental objectives?

Prompters:

How important is improving health and education services? / Has that been an area of work for the LSEP?

How does the LSEP go about that?

What role does the LSEP have in this area? / Should it have a leadership role?

Theme 3: relationships with government

5. Since the LSEP was established, how have your working relationships changed with EMDA and central government?

Prompters:

Have areas of government been difficult to engage?

Has it enabled you to work more closely with Westminster MP's or Ministers? / What role do they play?

Are there differences in support between different areas of government? / What do you see as the reasons for these differences?

What are benefits for your organisation of good working relationships with political and bureaucratic leaders of central government?

6. How does the LSEP relate to Local Strategic Partnerships?

How do you negotiate LSP priorities and targets for LSP's with central government?

Is there cross over in membership between different partnership bodies?

How are decisions made about involvement in these partnerships?

Theme 4: Relationship building

7. Which other individuals and organisations are important in terms of your work with the LSEP? (external)

Prompters:

Who do you have regular contact with through your work with the LSEP?

Are there business and community organisations in the region you feel should be more involved in the LSEP? (relate to the specific governance group you are interested in e.g. board of directors)

How are decisions made about those involved in governance of the intermediary?

How have you worked with local union representatives?

How could the board be strengthened?

Where do you see the LSEP, and more broadly the government's local partnership agenda, going into the future?

APPENDIX TWO: PRE-DETERMINED CATEGORIES AND KEY WORDS USED FOR THE EAST MIDLANDS CASE STUDY

Regional Economic Change

Global competition and industrial change

China/ Chinese, India/ Indian, International, multi-nationals, Export/ Exporter, growth, market, economy/ economic, inner city, deprivation, industry, manufacturing/ textiles, global, rural, city, East Midlands, London, regeneration, Europe, Leicester/ shire, future, competitiveness/ competitor

Endowments/ Assets/ strengths

Natural, rural, city, landscapes, advantages, attractive, London, transport, price, motorway, connected, competitive, perform, location, region, East Midlands, assets

Labour market changes

Unemployment, jobs, school, retention, education, training, participation, learning, population, recruit, professional, skilled, attracting, retain, creative, workers, rural, East Midlands, London, income, employment, regeneration, poverty, commuting, worklessness, deprivation

Role of institutional actors

Central Government

Central/ UK; Funding/ grant/ contract; Joined/ whole; process; partnership; burdensome; regionalism/ regions; BERR/ departments; government; Whitehall; Ministers; Outcomes; EMDA; SNR; Westminster; MP; market failure; London

Local Authorities

Interests, parochial, Councils, Local Government, local area, benefit, whole region, county, Mayor, Councillors, elected members, partnership, City, Authority

Other institutional actors

Community/ communities, identity/ identify, image, county/ city, partnership, engagement, business, market, trade unions, third sector, voluntary, university, schools

Role of partnerships

Collective efficacy

Networks, relationships, leaders, trust, decision makers, information, confidence, collaboration, social capital, partnership

Political Capital

Leicester 2020, RES, planning, Strategy, priorities, influence/ influencing, evaluation, evidence, Minister, intervention, framework, board, consultation, engagement, leaders

APPENDIX 3: MATRIX USED FOR THEMATIC ANALYSIS

EAST MIDLANDS

Enhancing collective efficacy

Key words: EMDA, LSEP, Networks, relationships, leaders, trust, decision makers, information, confidence, collaboration, social capital, partnership

	[Leicester and Leicestershire Economic Partnership]									[East Midlands Development Agency]						
Sub-themes/ Interviewee	16	15	5	6	10	1	14	9	7	4	11	8	13	2	3	TOT
EMDA																
Regional Economic Strategy – consultation/ engagement, sets the framework										X	X	X		X	X	5
Business Community & Universities – direct & strong											X		X	X	X	4
Central Government/ MPs – lack of direct contact MPs, close to bureaucracy, interference										X		X		X		3
Sub-Regional Partnerships – strengthen local relationships, conflicts with EMDA, business led										X		X		X		3
Local Authorities – lack of direct contact, mediated thru SSP										X	X					2
Sub-themes	BB	KM	KL	KT	LC	MT	PK	RM	SS	AM	DW	GH	JO	MP	WR	TOT
SUB-REGIONAL																

Sub-regional planning – engagement/ integration		X		X	X	X	X	X	X							7
Central Government MPs/ departments – no direct relationship	X		X	X	X	X		X	X							7
EMDA – remote/ asymmetrical/ collaboration/ RES			X	X	X	X		X	X							6
Local Authorities – collaboration/ influence	X			X	X	X	X		X							6
Business – promotion/ influence		X		X	X		X	X	X							6
Universities - promotion/ influence	X			X		X			X							4
Voluntary Sector – promote/ influence/ new relationships			X	X												2
Exclusion – disadvantaged communities, Trade Unions			X				X									2
International engagement				X				X								2

**APPENDIX 4: INTRODUCTORY LETTER FOR
THE EAST MIDLANDS CASE STUDY**

Chris McDonald
C/o Dr Andrea Kirk-Brown
Department of Management
Monash University
PO Box 1071
Narre Warren, Victoria, Australia
3805

10 January 2008

Mr. Jeff Moore
Chief Executive
East Midlands Development Agency
Apex Court
City Link
Nottingham, United Kingdom
NG2 4LA

Dear Mr. Moore,

PHD RESEARCH PROJECT

I am writing to outline a research project I am undertaking to complete a PHD with Monash University Australia, and ask for in-principle agreement for the East Midlands Development Agency (EMDA) to participate in this research.

I am conducting this research project with Dr Andrea Kirk-Brown a Senior Lecturer in the Department of Management, Associate Professor Lionel Frost in the Department of Economics towards a PHD at Monash University, and Professor Al Rainnie, Director of Research, Centre for Labour Market Studies, University of Leicester.

I am planning to travel to the United Kingdom from June – August 2008 to undertake this research about the EMDA. I will require in-principle agreement from the EMDA before arriving, and in the meantime I can discuss the research in detail with or your representative.

The aim of this research is to better understand the role of 'intermediary organizations' in promoting regional development. The EMDA is an important example of an intermediary organization established to promote economic development across the East Midlands region.

I am conducting this research to find out why intermediary organizations are important, how these organizations are managed and governed, and what works in terms of building partnerships and taking joint action. I believe this research is important because it will develop knowledge about new ways of improving social, economic and environmental outcomes for regions.

The research will involve 12 – 15 in depth interview with key people who work with the EMDA, and some documentary analysis (that would need to be approved by the EMDA). An explanatory statement about this research, which would be given to potential participants, is attached (Attachment one).

At the conclusion of the empirical research a draft paper will be provided to you and the research participants on the findings of this research.

I can also be contacted on christopher.mcdonald@buseco.monash.edu.au and [REDACTED] I look forward to discussing this research project with you and potential benefits for the EMDA.

Chris McDonald
Faculty of Business and Economics
Monash University

cc: Will Rossiter, Head of Strategy and Regional Affairs, East Midlands Development Agency



13 April, 2008

Explanatory Statement – EMDA and Sub-regional Strategic Partnerships

“New Regionalism and the role of intermediary organisations in promoting regional development”

My name is Chris McDonald and I am conducting a research project with Dr Andrea Kirk-Brown a Senior Lecturer in the Department of Management, Associate Professor Lionel Frost in the Department of Economics of Monash University, and Professor Al Rainnie, Director of Research, Centre for Labour Market Studies, University of Leicester towards a PHD. I am writing to you to ask your consent to participate in research I am undertaking to complete my PHD.

The aim of this research is to better understand the role of intermediary organisations in promoting regional development. Intermediaries are organisations established to build partnerships, pool resources and deliver joint actions (good examples are Regional Development Agencies and Sub-regional Strategic Partnerships established in the United Kingdom and Area Consultative Committee’s set up by the Australian Government see - www.acc.gov.au).

The role of intermediary organisations in promoting regional development is increasing and there isn’t a lot of research about them. I am conducting this research to find out:

- why intermediaries are established
- how they set priorities through regional planning
- the roles and responsibilities of intermediaries, including the setting of performance targets
- how intermediaries incorporate non-government organisations into decision making.

I believe this research is important it will develop knowledge about new ways of improving economic, social and environmental outcomes for regions. The PHD will investigate one case study in Australia and another in the United Kingdom. The Australian case study is the Cradle Coast Authority based in north western Tasmania see - www.cradlecoast.com.

I have chosen you as a participant in this research because of your involvement with the East Midlands Development Agency (EMDA) and Sub-regional Strategic Partnerships (SSP’s). They are important examples of intermediary organisations

established to address economic, social and environmental challenges at a regional level. It is an innovative form of regional governance that can provide new knowledge about ways for regions to encourage sustainable economic development.

Please find listed below a number of important issues related to your potential participation in this important research project.

What level of commitment does this research involve from participants?

The study involves an audio taping of a semi-structured interview. The semi-structured interview will explore a number of issues related to the work of the EMDA and SSP's. I will ask you a small number of questions about how these intermediaries have:

- Strengthened partnerships
- Established agreed roles and responsibilities
- Developed a work plan
- Coordinated funding from government
- Engaged local political, business and community leaders.

How much time will the research take?

I estimate the semi-structured interview will take approximately one hour of your time. The semi-structured interview will be taped and a written transcription will be produced. You will be asked to approve the record of this written transcription.

What are the risks associated with this research?

This research project is focussed on understanding your experiences in terms of working in partnership with other organisations through the EMDA and SSP's. Each interview participant will be given the opportunity to read the interview transcript and give approval to its content.

The research will not compare and contrast individual responses. In the event of a direct quote a pseudonym will be used, and responses will be identified in terms of which organisation they represent (for example work directly for the intermediary, local government, university, business or community organisation etc.).

The research findings will be presented back to the EMDA as a draft paper for comment and it is likely the findings will be published in an academic journal.

Can I withdraw from the research?

Being in this study is voluntary and you are under no obligation to consent to participation. However, if you do consent to participate, you may only withdraw prior to having approved the interview transcript.

How will the data be stored and reported?

Storage of the data collected will adhere to the University regulations and kept on University premises in a locked cupboard/filing cabinet for 5 years. A report of the study may be submitted for publication, but individual participants will not be identifiable in such a report.

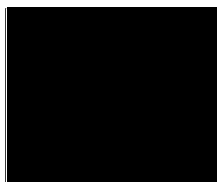
How can you keep informed about results of the research?

If you would like to be informed of the aggregate research findings, please contact Chris McDonald on [REDACTED] [REDACTED] [REDACTED] or christopher.mcdonald@buseco.monash.edu.au

This information sheet is for you to keep.

If you would like to contact the researchers about any aspect of this study, please contact the Chief Investigator:	If you have a complaint concerning the manner in which this research is being conducted, please contact:
Dr Andrea Kirk-Brown Department of Management Faculty of Business and Economics Monash University, Berwick Campus Clyde Road Berwick VIC 3806 Tel: +61 3 9905 2052 Email: Andrea.Kirk-Brown@BusEco.monash.edu.au	Human Ethics Officer Standing Committee on Ethics in Research Involving Humans (SCERH) Building 3e Room 111 Research Office Monash University VIC 3800 Tel: +61 3 9905 2052 Fax: +61 3 9905 1420 Email: scerh@adm.monash.edu.au

Thank you.



CHRIS MCDONALD