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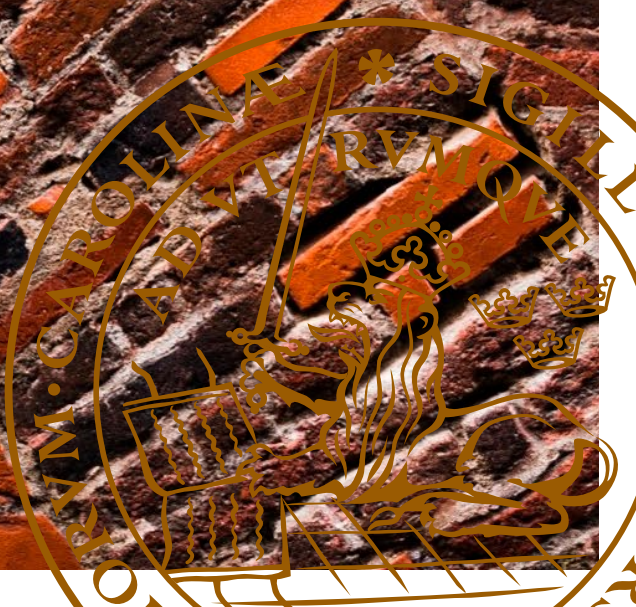
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POLICY BRIEF
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Unexpected Innovation – Tracing change in Old Industrial Regions

CIRCLE – CENTRE FOR INNOVATION RESEARCH | LUND UNIVERSITY



Unexpected Innovation

– Tracing change in Old Industrial Regions

Regional inequalities in Europe are growing, with many small and medium-sized industrial areas facing long-term decline. This policy brief explores how local actors contribute to transformation in old industrial regions – places often seen as resistant to change. By tracing initiatives and actions over several decades in three Swedish regions, the research highlights the role of agency in driving or resisting local development.

WHERE WE ARE TODAY

The differences in development between different regions are increasing. Over the last 25 years, many small- and medium sized manufacturing cities and regions in Europe have suffered from economic decline, a shrinking population and deindustrialisation.

For societies to better meet the grand societal challenges of our time, inequalities need to be reduced. From previous research we know that the future of places is strongly influenced by previous developments in terms of local knowledge, skills, infrastructure and the organisation of existing firms and industries. We also know that regions that are dominated by, and highly specialised in, one single mature industry, face more difficulties in creating change.

WHO CREATES CHANGE, HOW AND WHEN

The aim of this research is to better understand the role of local actors in the transformation of old industrial regions. It investigates how, when and by whom change is created in places where we don't expect it to happen due to various difficulties. It does so by tracing development in three places in Sweden over 30-40 years and searching for agency expressions, such as initiatives and projects that have spurred local change.

AGENCY

Agency refers to people's actions and their intended and unintended effects.

Change agency: agency targeting local transformation

Reproductive agency: agency that tries to stabilise current development or resist change

THE ROAD FORWARD FOR POLICY

More focus on softer values and long-term development. For places to be able to break with negative development and transform, local actors may need to change their perception of what is possible and their expectations of the future. Norms, values and lines of thought are difficult to change and require long-term work – but in order to build new futures this may be necessary.

Shorten the periods when local actors do not realise their ability to influence development. Regions that are experiencing decline may have stopped perceiving that they can influence the future and therefore only follow the current negative development. Policy needs to consider how other political actors can assist and empower local actors in identifying periods when they don't perceive themselves as having agency.

Consider how to strengthen local agency in a multilevel governance structure. Local government or municipalities are often at the front line of regional development. They have some instruments to work with the issues, but not the responsibility. Within the EU, the responsibility lies at the regional bodies. Additionally, decisions at national and international level may have large effects on local actors' manoeuvrability. This needs to be taken into consideration.

Consider how national and regional government can better support local agency. There are growing expectations on local governments in terms of how they work with regional development, yet without formal mandate or attached resources. Different regions have very different conditions for working with regional development. In old industrial regions, structural conditions are particularly challenging, while resources often are especially scarce. How can other political levels better support local governments or other local actors?

CASE STUDIES

The policy recommendations build on findings from three in-depth, longitudinal case studies:

In Olofström the change process that was triggered by the global crisis in 2008 was studied.

During the crisis 1000 jobs were lost in a municipality of 13,000 inhabitants. Olofström's development is tightly knit with that of its core company, Volvo Cars. For decades, local actors did not have the ability or perceived to be allowed to envision ideas outside Volvo Cars. The crisis shook local power imbalances and forced local actors to reconsider their practices, reflect on their dependency on one firm and start to envision new futures. The local government, Volvo Cars and suppliers within the automotive industry have since developed a local cluster and changed their ways of collaborating locally with the focus on regaining jobs lost and building a more resilient community.

In Kiruna, the diversification of the local economy into winter tourism as well as space industry and research was studied.

These developments have grown in the shadow of the state-owned iron ore mine. For 20 years, they have also taken place in parallel with the move of the town centre and a third of its inhabitants, due to land deformations from the mine. The case of Kiruna showcases how change processes are possible even in conditions of severe structural constraint. From previous studies we know that it is particularly difficult to build new industries in regions dominated by highly volatile extractive industries. Additionally, the town move demands focus and economic resources which has further constrained the capacity for diversification.

The case of Borås traced development initiatives triggered by a series of crises within the textile and garment industries (TEKO) around the 1970s.

The local business community made use of resources which were set free by the crisis and built new firms in related industries. Yet, the local community remained troubled after the period of decline. Research came to focus on the local self-image of Borås, which took decades to change. Through local collaboration and pooling resources between firms, the local government and the local university college, Borås today views their TEKO-heritage with pride and have built a strong place brand.

OLD REGIONS CAN ALSO INNOVATE

The research challenges the idea that old industrial regions are unable to change and therefore doomed to become left-behind. There are large variations between these regions, and they have a continuous dynamic development. At the same time, it fleshes out the many challenges that local actors face. Previous developments, in terms of infrastructure, technology, power asymmetries, knowledge and skills, continue to shape development and mindsets of what is considered possible.

The research nuances our understanding of local agency. Old industrial regions can experience long periods of decline or stagnation. This can be derived from local actors actively trying to manage their heritage and resist change, but the research also found long periods when local actors did not perceive themselves to have any agency, i.e., they did not see ways of how to influence development.

The research shows that change is possible and that change processes can be driven by a variety of actors, such as local government, local firms, or entrepreneurs from other regions bringing new ideas. There is no single recipe for how to initiate change, but as resources often are scarce, several initiatives were successful because they managed to pool local, and in some cases, external resources.

Finally, it is important to understand that change in old industrial regions can take a long time, maybe several decades. Changing perceptions of what is possible and how a region can become something new after a structural crisis takes particularly long time.



Photos from Kiruna and Borås by Linda Stihl

KEY POINTS FOR POLICY

- Solutions must be place-based. Old industrial regions, or regions that have suffered long-term decline, are not the same. They have different structural conditions such as certain industry dependence, local knowledge and skill base, infrastructure etc. These types of regions can therefore not be supported in the exact way.
- This is not a quick fix. Change processes are possible even in regions that are structurally very constrained. However, it is a challenging process and requires changing past ways of thinking and doing. This is a process that takes time, sometimes there are decades between seeds of change or triggers and the end result. This requires stamina and endurance, which is especially challenging for policy makers that are elected for shorter periods.
- Collaboration is key. Resources are often scarce in old industrial regions. A way of approaching this locally is to pool resources locally or team up with external resources. Resources can be skills, know-how, time, finances and land. The cases show examples of how both firm actors and policy makers together can join forces, and that way have access to more joint resources when working with regional development. A common goal is then needed.
- The process needs different types of agency. Change agency is initially more important, whereas reproductive agency is important later on as a stabilizer. Both types of agency are shaped by past events, experiences and resources.
- Actors need to understand their ability to influence. Long periods dominated by reproductive agency may be an expression of local actors not perceiving to have agency. This may result in them missing exiting opportunities of influencing regional development. Opportunities are often available in some form.

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Linda Stihl holds a doctoral degree in economic geography. Her research focus lies within regional development of places in the periphery, as well as within transitions from traditional global value chains into more sustainable ones.



PUBLICATION

For more information on this research, read Linda Stihl's dissertation 'Change agency in (old) industrial regions: Shaping new futures'

<https://portal.research.lu.se/en/publications/change-agency-in-old-industrial-regions-shaping-new-futures>

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