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Conference Paper

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50th Congress of the European Regional Science Association: "Sustainable Regional Growth and Development in the Creative Knowledge Economy", 19-23 August 2010, Jönköping, Sweden

Provided in Cooperation with:

European Regional Science Association (ERSA)

Suggested Citation: Frankelius, Per; Eliasson, Fredrik (2010) : Innovative and socially motivated village development in a regional context: The Grythyttan case, 50th Congress of the European Regional Science Association: "Sustainable Regional Growth and Development in the Creative Knowledge Economy", 19-23 August 2010, Jönköping, Sweden, European Regional Science Association (ERSA), Louvain-la-Neuve

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Innovative and socially motivated village development in a regional context: The Grythyttan case

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Paper presented at the 50th European Congress of the Regional Science Association International Jönköping, Sweden on August 19th – 23rd 2010 (Special session: Social/Societal Entrepreneurship).

1. Introduction

Places matter! Regions, big cities and small towns are important for growth and prosperity in society. That was true in the Babylon times and the Roman times, and it became very obvious when the Hanseatic network developed in the 1200th century. Not least it is true today, when Shanghai, Seoul and other big cities seems to rule large parts of the world.

How, exactly, different factors related to places interact and influence each other, however, is a question not so easy to answer. But there have been attempt to create theories on this compexity. Johan-Heinrich von Thünen's *The isolated state* (first published 1826), was a pioneering work in the theory of local communities. He studied the distance between production of agricultural products and the market in the town (we will come back to this). But in modern mainstream economic research places has not been central. Instead, many observers have drawn their attention towards "globalization". McLuhan's old idea of "a global village" (1966), has got widespread impact on today's discussion, not least since Kevin Kelly's book (1998). In Kelly's "new economy" places don't play major roles.

But in the very recent years the interest in places from researchers and policy-makers has increased a lot. An important event occurred when European Commission, Directorate General for Regional Policy, in 1991 launched the idea of pilot projects to initiate regional strategies, or more precisely "Regional Strategy for Research, Technology and Development Policy". That came, in 1994, to be modifiead as Regional Technology Plans (RTP), and that in turn led to the more general Regional Innovation Strategies (RIS) concepts. The four pioneers of 1994 were the regions Wales (UK), Limburg (Netherlands), Lorraine (France) and Leipzig-Halle (Germany). Since then numerous regional strategies have been developed in

Europe. The authors have been operative involved in one of them: the Örebro region. Much evidence has been presented in favour of the place perspective of growth policy. After a comprehensive analysis of EU policies could Fabrizio Barca in April 2009 conclude that regions really play an important role and should, according to Barca, be the starting point also for the EU's future work.

Policy-makers can't develop a region without dynamic ingredients, like people, villages, towns and industries. To understand regions we have to understand how parts of it can be developed (and vice versa). This study is about village development in regional context. We are dedicated to uncover some of the secrets regarding how villages can be developed "from inside", not least when the present situation is declared, hard and disturbing. Let us start with some research history:

Since the heydays of Adam Smith (1776), lots of researchers have studied how whole nations develop. Porter (1990) is a well cited modern example of that perspective. Others have studied regions (in the sense parts of nations) and their driving forces through the lens of "economic base" (Tiebout, 1962; Krueger, 1983; Myrdal, 1957) or input-output models (Leven, 1964), just to mention some of the regional perspectives. Also big cities and metropolitan areas have caught the eyes of researchers. There are journals that only focus on this (compare the journal *Urban Research & Practice*). We have to mention also some authors discussing whole continents and their development factors. Douglass North and Robert Thomas, for example, argued in a book from 1973 that institutions, and not least property rights (and their protection), best explained the progress of the European continent.

All these studies have a territorial area as object of the analysis. There are, however, one interesting kind of object that is not so much investigated: Small villages and factors of their development. One thinkable perspective of small villages is that they are the sum of a few companies as the driving forces. Therefore it is interesting to connect to the field business administration. The typical study object in business administration is a private company. It is also common in that discipline to analyse groups of companies like networks or clusters. Moreover there are many studies on public and idealistic organizations. But specific organizations are not the same as small villages. We have to chose a specific frame of reference for coping with our object of analysis. To sum up: In this study we will not focus on companies or organizations. Nor will we address our analysis towards whole continents, nations, regions or big cities. Rather we want to shed light over villages (or small towns). More precisely the study object is "village development", and especially such kind that is a)

socially motivated, b) intended and conscious, and c) has parallels to innovation and entrepreneurship.

2. Scope, research question and aim of this paper

We draw our attention towards the small village Grythyttan in the region Bergslagen in Sweden. Formally Grythyttan is part of the Örebro region, and Bergslagen is an old term for parts of Sweden related to early mining activities. We relate that village to the region to which it belongs, and also make some comparisons with another village in Bergslagen, namely Grängesberg. The two villages experienced decline from the years dominated by industrial businesses. But while Grythyttan has transformed to a gastronomic centre there are few positive signs of development in the other village. One interesting question is: Why? On a more principal level our overall research question is: How can people in a small village construct a positive development process for that village despite the fact that the situation seems to be against all odds?

The first aim is to derive success factors, but also other factors (and pattern of events) that affect processes like the one in Grythyttan. A second aim is to connect the micro level analysis with some meso and macro aspects of the region to which villages like Grythyttan belongs.

3. Research design, definitions and method for data collection

In light of the initial discussion, one can imagine that the structural conditions of and around a village (to get success in regional development) is highly variable. Generally, it is the major regions, and in particular metropolitan areas, which has the best chance for stable growth. Here, the development is driven forward from economies of scale, availability of manpower, proximity and capacity of research institutions of higher education. The smaller or weaker regions, on the other hand, are hampered by great distances, the absence of a local competition and potential network operators, labour shortages and low education. We therefore argue that the structural conditions are to a great extent different among different regions, and spatially related. The main trend seems to be that “The winner region takes it all”, but as we will show, people are not stuck forever in weak regions if they have a dedication and knowledge to do innovative things. The accepted models for describing spatial structural relationships that exist today have many merits, but also weaknesses. As a first step in this piece of research, we therefore test a new model that can better describe the differences

due to the spatial structure. The demarcation here is to describe the functional connections in the labour market. For this, we use statistics that show commuting between cities and villages. The cities and villages are in this paper defined as population localities having more than 200 inhabitants.

As mentioned this study is directed towards the Bergslagen area, and particularly the villages Grythyttan with the village Grängesberg as point of reference. The sparse and relatively large distances that characterize Bergslagen leaves its mark on the dynamics between the villages. In general terms, Bergslagen is outside the big cities influence area. Bergslagen is also interesting from the perspective that it is now undergoing extensive restructuring. Until now very few regional development initiatives have contributed to a fundamental change.

The empirical data on Bergslagen was collected by help of statistical databases primarily from Statistics Sweden (SCB). Sweden has outstanding statistics on regions. This work was conducted partly at Örebro Regional Development Council, partly at County Council (Landstinget) and was done during 2008-10.

The empirical material concerning the innovative process in Grythyttan village, that will later be presented, was collected through semi-structured interviews with key persons during the years 2002-10. They include Carl Jan Granqvist, Sune Valegren, Inga-Britt Gustafsson and Birgitta Ulmander. The data collection method also included participation, photographing and archive-work. Books and reports were also used, partly because the case is historical, partly to collect comments from key-people formulated in time more close to the events described. We have also both organized and attended at conferences where Granqvist and other has reflected on the process, for example one in Norrköping at 4 April 2003 and one in Örebro in 19-21 May, 2010.

According to Gummesson (1991) access is very important in research. He argues that many researchers think they have got access to data about their empirical subject, but in reality they have got only small fragments. Therefore we believe in the Mode 2-idea, that is a model of knowledge production in which practice in sharp mode is a key to both data access and developing interesting schemes of analysis (Gibbons et al, 1994). In this research project we have tried to make use of the fact that both of us have been deeply involved in the Örebro region strategy work that started in the autumn 2007 and ended in the spring 2010 (se Örebro Regional Development Council, 2010).

4. Existing research

The importance of cities for their geographical hinterland is an issue that has been studied for a long time. Already in the early 19th century, as noted, Johann Heinrich von Thünen launched a model, which deals with land use at different distances from markets (population centres). von Thünen's main message is that businesses need to be close to a market, and markets are located in the centre of towns. People that live close to the market have a high willingness to pay for such central locations. In the periphery there are activities that are less sensitive to increasing distance, because their products are easy to transport to the market in combination with the fact that their products have lower profit potential on the market. Heavy products as well as more profitable products, thus, tend to be produced closer to the market. In short, people far from the market have lower motivation or willingness to pay for being central locations (von Thünen, 1826).

In 1933 the German geographer and economist Walther Christaller presented his "central city theory", which was further developed by August Lösch 1940. Christaller's starting point is that each urban centre has a special function, namely to provide people in the surrounding areas with goods and services produced in the urban area. The diversification and specialization at each city or region is dependent on critical mass and market areas whose size in turn depends on the population base and transportation facilities. Major centres also form a hierarchy. People who live in smaller towns, lower down the hierarchy, are dependent on the major locations for certain type of service and for job opportunities. Good transport conditions and large population base creates places with high position in the hierarchy. This implies that producers can benefit from the agglomeration advantages related to location in densely populated areas (although neither Christaller nor Lösch underlined this conclusion).

The interest in urban-suburban aspects of economic development had a renaissance since the 1980s, and this interest is still alive today. The research focus now is largely directed towards the fundamental factors for economic growth and urban development. It is only during recent years the relationship between cities and economic growth clearly has been highlighted in research. One of the pioneers in the newly awakened interest is Jane Jacobs (1984). Briefly, Jacobs' view is that cities are among the most important driving force behind economic growth. Furthermore, she argues that the nation is not the most appropriate geographical unit to encourage the development and prosperity. Instead, it is the city with its hinterland, which is the appropriate territorial unit. This thinking has been a central idea in

recent years of Swedish regional policy-making. Of course her message is also a “hot issue” that cause a lot of debate, not least from people representing “the periphery”.

Most studies on local communities are based on political science, geography, economics, or architecture. Classical references include Marshall (1919) and Beccattini (2004) on industrial districts or von Thünen (1826) on economic geography. Most studies (except architecture) are characterized by a high level of abstraction. One main point in this paper is the analysis of village development from a strategic and entrepreneurial perspective, and therefore the study is based primarily on business administration theory. Villages are not the core interest of the discipline business administration. Interesting exceptions are Johannisson (1978) on local networks or Kotler *et al* (1993) on “place marketing”. Johannisson’s study “Business and the local community” illustrated the importance of personal networks (both professional and private - which merge) for dynamics and entrepreneurship in small towns.

This study focuses on villages but not least their interplay with regions. Some notes on regional development can therefore be appropriate. Wealth and prosperity in regions are a matter of many factors and this issue is complex. First, the properties of wealth and prosperity are multi-dimensional and consist on economic, social, cultural, educational and medical aspects – just to mention a few. The drivers of wealth and prosperity are also of many different kinds. However our assumption is that economic factors are the most important “root cause” for many other areas. That was also the core message of the famous campaign during 1992, where Bill Clinton used the slogan “It’s the economy stupid!” to remind people in USA of the importance of jobs and economic resources (the slogan was created by the communication strategist James Carville). Many analysis have come to the conclusion that economic welfare is the most important underlying factor for wealth and prosperity (see United Nations, 2002).

Knowledge on processes that create economic development therefore are fundamental for understanding the base of welfare societies. So, one important question becomes central: What factors create regional economic growth?

Lots of research and policy documents points at clusters, innovations and entrepreneurship as key factors for regional growth. However, it is far from clear what all authors mean by cluster, innovation or entrepreneurship. Moreover it is far from clear how such phenomena can be promoted in a successful way, that means in a way that the outcome is higher than the cost of the means (taxpayers money).

Consensus is more clear around the conclusion that companies are important for much of the good things we want in regions. Most researchers are also united in the conclusion that the long term competitive capacity of companies are a matter of the ability go continuous renewal, learning and upgrading of knowledge and practises. Knowledge and competence are the keywords for today's companies – not land, labour or capital that some researcher thought was the case in the 19th century (compare Marx, 1867). As a consequence also regional development is mostly about knowledge strategy (Stewart, 1978; Griffin, 1978).

According to this perspective the competitiveness of regions depends on “constructed advantage”, to use a concept from Dominique Foray and Christopher Freeman (see e.g. Forays & Freeman, 1993; Eriksson, 2005; de la Mothe & Mallory, 2003; Leydesdorff; Cooke & Olazaran, 2002; Eriksson, 2006). This is in bare contrast to the old Ricardoan perspective that regions compete with, “comparative advantages” like specific natural resources (Ricardo, 1817).

There also appears to be a accepted understanding that geographical aspects *per se* have a great importance. The success rate of clusters, innovation and entrepreneurship are highly variable depending on where people are conducting their tries. This is shown not least among researchers with roots in the "new economic geography" (Krugman, 1991; Fujita & Thisse, 2002). The geographical (or spatial) aspect has particular importance because it is correlated to the access to human capital and the size of the local market. Therefore, it was not unexpected when three important policy agencies in Sweden together made the following statement in 2004:

"[...] Well-functioning regions is a prerequisite for growth. [...] Policy (must) support the emergence of major functional regions, which can provide the critical mass needed to cluster and innovation system must be dynamic and to labour markets to function " (ISA, Nutek & Vinnova, 2004, our translation).

The term innovation has almost become a religion among scientists and politicians today. Not least the term innovation system has gained ground. A related concept in the literature is "systemic competitiveness" (Bradford, 1994). This refers to the interaction between a number of components in a territory such as system of political management, system innovation, system of production and systems for financial services. Moore (1993) introduced the concept of “ecosystems” to illustrate, in principle, the same thing. He said that companies rarely compete alone. Rather they are part of "ecosystems" as a whole then act towards customers and suppliers.

What then can be mentioned about innovation? In fact we will argue that the term has been misunderstood in the debate during the last 50 years. But we really believe in “the innovation way”, and therefore we will come back and discuss the innovation term after we have presented our case. We have, however, to admit there are other perspectives on regional development, that not focus on clusters or innovation or entrepreneurship, but more on regional culture:

Researchers and others have observed that there seems to exist "a regional factor", but they have not been able to define the meaning of this. The term *Genius loci* have been used for this mysterious factor (Mascanzoni, 2003), and this means "the region's soul" (the word comes from Latin and means "the spirit of the house "). Thomas (1987) made an attempt to define it, and pointed in particular on the quality of life. Sweeney (1987) argued that regional distinctiveness can be about social relationships and culture. Doeringer, Terkla & Topakian (1987) argued that such attitudes are as important as skill or knowledge and they also argued that such dimensions are not considered in the discussion of competence. This, they said, affects the occupation and the business location (see also Berger & Piore, 1980). By the term "innovative milieu" (Camagni, 1991), which relates primarily to technology environments, highlights the importance of the territorial aspect in terms of culture. That is about things like norms, trust, and unwritten rules.

Closely related to culture is institutions. This refers to such things as norms, habits, laws and regulatory networks (Abramovitz, 1986; Nelson, 1981; Lipietz, 1986). Remember also the mentioned North and Thomas book (1973).

5. Theoretical frame of reference

Let us summing up and present our own view: Regional growth can be regarded as the sum of what is created in towns, villages and rural areas. But regional growth is also a matter of connections and interplay between the parts in the region as well as between these parts and the world outside the region. We focus here on driving forces (or lack of driving forces) related to specific villages. The frame of reference for that analysis can now be summarized. We argue that the ability to develop villages is a matter of three kinds of factors:

- Structure: The given structure of and around the village
- Internal energy: Processes initiated by locals
- External factors

More specifically, we want to highlight on the development opportunities for villages in the regional context. There are a number of issues that can be derived from this: Is it possible to create growth without structural conditions changed? And in such cases, it is possible to implement innovative processes by means of conscious strategies? Or are people forced to hope – the hope of some positive “X factor”? Our hypothesis is that innovative processes (including entrepreneurship as a consequence of our definition of innovation) are vital for village development. But the shape of these village-related innovative processes are to be uncovered, and that is part of the mission for the rest of this paper. Before we go into the description of the innovative process that occurred in Grythyttan we will present our model of structure analysis, and we will apply that model on Grythyttan and our reference point Grängesberg.

New perspectives on the spatial structure

Descriptions of the relationship between the geographic and the economic development are a significant element in the tradition of research related to the geography of the labour market. Here, a commonly used term is "local labour market". The local labour markets should be understood as relations between employers and employees. Relations exist in a space bounded by where you live and work. When it comes to illustrate the local labour markets on the map, however, the researchers have been less active. It is instead to a large extent, the state statistical institutes, which have created most of the maps that are available. Approximately half of the EU member states indicating that they have local labour markets in use or under development (SCB, 2010). Almost all statistical institutes are using the municipality as the smallest territorial unit. In Sweden, the Statistics Sweden model for local labour markets is often used in research and regional analysis. Studies have also showed that the local labour markets are getting more widespread. Kullenberg and Persson (1997) identified in a benchmarking study an enlargement of the local labour markets, as a consequence from more commuters were travelling longer distances.

The conventional models for creating local labour markets have weaknesses. A major weakness is that they tend to exaggerate the functional relationships. The local labour markets are thus fairly widespread geographically, but they do not help to explain the large differences that exist within the local labour markets (see also Amcoff, 2008; Levin, 2008). A major challenge is therefore to find a model to illustrate the functional regions that may help to

explain differences in development within a country, and why things look different in different cities and villages. This is a prerequisite if we want to understand what parts of a structurally given development are and what a fruit of self-initiated efforts is.

The size of the local labour market - the problems of defining

As we have mentioned Statistics Sweden's model tend to exaggerate the spatial relationships. As we see it, there are two main reasons for this problem. One is that the municipality is the smallest territorial unit in their model. The second is that the commuting flows that determine the non-independent municipalities' relation to the core municipality in some cases appear to be too small to claim a functional relationship. We will return to these problems soon, but first it is necessary to take closer look at the model Statistics Sweden uses.

Statistics Sweden's method for creating local labour markets performs in two steps. The first step determines whether a municipality is a local centre or not. The terms are that the total commuting from the core municipality may not exceed 20 percent, and the municipality's single largest commuting flow to another municipality may not exceed 7.5 percent. The second step determines to which local centre the other municipalities, namely the non-independent municipalities will be tightened to. The general rule is that the non-independent municipality is tightened to the municipality where the largest commuting flow is directed. The link to the local centre can be made directly or via another non-independent municipality. (Statistics Sweden, 2010)

An alternative model

As part of the *physical* planning in the Örebro region that one of us have worked with, an alternative model for creating local labour markets have been developed. In the new model the village is used as the smallest territorial unit. Unlike the municipal administrative boundaries, the village is a reality – you will not notice when you pass the municipality boundaries, but you certainly do when you walk into a village.

There are two difficulties with regard to illustrate local labour markets. First, there is a need to clarify what characteristics it is that makes a city a centre of a local labour market. Secondly, there is need to clarify the local centre's attraction force - how strong is the local centre and what is the scope of its surroundings?

Our assumption is that the centre of a local labour market should be a place that represents a very important labour market for its inhabitants. Cities or villages where 70 percent of the

population works in his or her hometown has been defined as local centres. Then appear a number of towns and villages, which in turn is surrounded by a number of smaller towns and villages.

What attraction force do then the local centres have on the surrounding villages? Our assumption is that the proportion of commuters of the employed population from the non-independent villages to the local centre has to be 20 percent in order claim a functional relationship. Our alternative model creates local labour markets that themselves have similar population growth, house prices and market potential for building new houses. It also means that travel time from the non-independent villages to the local centre is approximately 45 minutes in cases where the local centre is a major city, and somewhat less in cases where the local centre is smaller. It is also a reasonable assumption, that larger cities have a stronger attraction force on its surroundings, not least as a consequence of the great asset of jobs and especially jobs with high wages and that require specialist skills, compared to a smaller town. (A fuller discussion on this, see Eliasson, forthcoming report).

INSERT FIGURE 1 SOMEWHERE HERE

Figure 1: An alternative model for illustrating local labour markets. Source: Statistics Sweden (BeDa) (own adaptations).

The sparse and relatively large distances Bergslagen characterized by leaves its mark on the dynamics between the villages. While Statistics Sweden count Bergslagen into 12 different local labour markets, our alternative model make them 26. This indicates that the structural conditions in Bergslagen might be even worse than what is generally assumed. Our map shows that most of Bergslagen is belayed outside the influence of big cities and metropolitan areas. While Statistics Sweden shows that many of the smaller villages are integrated in the influence area of the big cities, our model indicates that even relatively small villages with limited economic growth, appear as local centres with some attraction force on its surrounding. This also sets clear limits for the development potential in the villages.

The local labour market where Grythyttan is belayed has only one additional village, Hällefors, which is also the local centre. Hällefors is also a small village with currently just under 4800 inhabitants. It has lost 24 percent of the population over the last 15 years. Grythyttan is an even smaller village. The total population today consists of 900 inhabitants.

The town was originally a typical industrial community (bruksort) in Bergslagen with mining and metal processing. As in most places in Bergslagen the town's population began to decline as a cause of the steel crisis of the 1970s. In recent years, however, the development curve is positive and fairly in line with the development in Sweden as a whole.

INSERT FIGURE 2 SOMEWHERE HERE

Figure 2: Population development (1960-2009) in Grythyttan and Grängesberg villages, Bergslagen municipalities, and Sweden. Source: Statistics Sweden.

Like Grythyttan, Grängesberg is also a dependent village. Grängesberg is populated by 3500 inhabitants and is located in the area of influence from Ludvika, which in turn is populated by 9800 inhabitants. Grängesberg has in many ways a remarkable history. From the late 1800s the size of the town increased tenfold over a few decades. This development can be entirely attributed to the fact that one of Europe's most important iron ore deposits were here. The town gave its name to Grängesbergsbolaget, one of the most valuable company Sweden at the time. Around the mine grew new place up. In the early 1960s, the population amounted to nearly 6000 residents. The closure of the mine and increased international competition against the metal industry has been a severe blow to both Grängesberg population and the businesses.

Bergslagen has over the last 30-40 years had a very substantial decline. Three-quarters of the villages and towns are losing population at a brisk pace. In some cases they have lost more than 30 percent of the population in the last 15 years. This decline, however, was preceded by a period of very strong growth. Since the Middle Ages, the mining industry, mining and melting of ores had a strong presence in the area. From the latter part of the 1800s an important metal industry began to emerge. Still today, the metal industry puts a clear mark on the region. But as a result of the decline in iron ore prices and foreign competition during 1960-70 centuries all the iron mines are now closed. The last, which in fact was in Grängesberg, closed 1989.

6. The Grythyttan case

In the middle of the Swedish mining district (Bergslagen) lies the small town of Grythyttan. During the 1800s it was a centre of the iron industry. But then came a structural crisis, leaving a little church settlement with no hope for the future. Eventually, though, something

happened. It was revitalised by a process due basically to people who had a great interest in culture and history. They also was dedicated to prepare for the future. Grythyttan's local Folklore Association (Hembygdsförening) was founded already in 1942. One of its leaders came to be Arthur Lindqvist at the company Grythyttan Steel Furniture. He was engaged in everything from the school board to the savings bank. At his side stood another driving spirit, Yngve Henricsson, the foundry proprietor at Grythytte Manor.

At the main square in Grythyttan lay an inn with traditions going back to 1640. It had ceased to operate as long ago as 1912 when the railroad was built past the village centre. During the 1920s, the inn building was divided among several owners and most of it turned into residences. These lacked modern comforts and fell far into disrepair. Around 1960, work also began on a new town plan for Grythyttan. Parts of the outskirts had previously been "modernised" (that is, demolished). In September 1961 the state architect Hasse Skoglund wrote a letter to the provincial curator in Örebro County, Bertil Waldén, informing him of the situation and asking for comments. Skoglund thought that, before letting the bulldozers loose, a culture-historical evaluation of central Grythyttan ought to be made. The curator responded by calling in representatives of the Nordic Museum in Stockholm, who documented the environment with photography on the spot. They wrote the following in an official statement:

"This is a fantastic facility which probably has no equal in our country – perhaps not chiefly the buildings themselves, but their location on the quaint square."

The Director-General of the National Board of Antiquities was also involved in the exchange of views, and suggested that the municipality of Grythyttan should purchase parts of the inn.

In 1963 this discussion led to a conflict within the municipality's leadership. A majority believed that the inn was ready for demolition. Sketches had been made for new construction of a modern food store. Another proposal was to make a parking lot of the area. Motoring was the hallmark of the times and the community had to adapt to it. But the municipality did not have time to reach a decision on the question before 1967, when a merger took place between the two municipalities of Grythyttan and Hällefors. In the new municipal management, those who were opposed to the idea of purchasing parts of the inn formed a majority. Thus it was suddenly resolved to demolish the inn.

Grythyttan's Folklore Association, headed by Arthur Lindqvist, then made an emergency effort. He was woken early one morning by a municipal worker, Manne Karlsson, knocking on the door. Karlsson and some colleagues had been ordered to begin the demolition work by

sawing down the oak trees in the inn's park, in accordance with the municipality's decision. But once they took up their saws, it struck them that "Lindqvist should probably hear about this first". When he did hear, Lindqvist became furious. The workers understood the message and defied the municipal decision. They simply went home and the trees, as well as the inn, stayed put (Granqvist and Nilsson, 1998). Lindqvist and the Folklore Association persuaded the municipality's building committee to suspend its decision on demolition for a time, while the Association arranged – and paid for – an investigation of the unique square environment and of what it would cost to restore the inn. This delay was decided upon by a majority of just one vote.

The investigation's results were presented at the Folklore Association's annual meeting on 28 March 1968. Several influential people were invited as guests. They heard the conclusions of various experts, such as the county architect Göran Jansson, who argued that Grythyttan's square is the most valuable community image in the whole mining district. During the meeting, the municipality's representatives promised to work for annulling the decision on demolition. At the same time, the local newspaper *Bergslagsposten* began to write of the affair. The paper had employed a young holiday substitute, Olle Lindberg, who supported the inn's preservation in numerous articles.

The extraordinary outcome was that, on 13 June 1968, the municipal decision that had been taken was repealed. Such an action had no precedent in Swedish society. The Folklore Association was allowed to buy the inn for a symbolic sum, in return for financing the extensive renovation.

At this stage, the agreed intention was to preserve the building itself and to use it for residences. In order to obtain funds for the work, a question was put to the county employment board which, however, replied that it did not contribute to housing construction. But the board's director, Martin Engvall, asked: "Have you never thought of re-establishing the inn at Grythyttan?" (Granqvist and Nilsson, 1998, p. 20.) What an idea! At first it was not taken seriously even by the Folklore Association. But the idea took root. After the National Heritage Board certified that valuable cultural assets (rather than define it as dwellings) were concerned, the National Labour Market Board – after much pressure from the Folklore Association – was able to cover 75 percent of the renovation cost.

The Association also managed to buy other houses from the municipality. During the following year, it acquired yet another building as a gift from the Carlstedt family. Then it purchased a further house from a private person for a friendly price. With much voluntary

work by the Folklore Association, support from local companies and, not least, assistance from the National Labour Market Board, these dilapidated houses were given a new patina and, in particular, a new old purpose – as an inn.

Pursuing the idea of reviving the old inn business, the Folklore Association began to look for an innkeeper. According to the Association's criteria, this should be a *married* and *respectable* person with *experience* and a *driving licence*. But none of these criteria was to be met by the future innkeeper: Carl Jan Granqvist.

How did Carl Jan come into the picture? One day in 1972 Eyvor Ericsson, an interior architect at the Örebro County Council, brought her husband into Carl Jan's antique store Akantus in Örebro. The three became friends immediately and talked about food and drink. As a result, the couple were invited to take part in one of the forthcoming seminars on distilled spirits that were held at the antique store. On the occasion, Eyvor Ericsson realised that she should bring Carl Jan together with Arthur Lindqvist at Grythyttan Steel Furniture, whom she already knew. Lindqvist had visited Ericsson at the hospital previously, when she was an audiological consultant. In the words of Nilsson (in Granqvist & Nilsson, 1998):

“Here in the Akantus cellar vault, the county's chief interior architect – during the course of a seminar on distilled spirits – remarked that the young antique dealer ought to go up to Grythyttan, meet the total abstainer Arthur Lindqvist, and look around the town.”

Late in the spring of 1972, Eyvor Ericsson told Arthur Lindqvist that she knew a young man aged 26 who was finishing his education at the restaurant school in Örebro, and who also was very interested in culture and art. This man had mentioned to her that his dream was to manage an inn someday, in genuine old-fashioned surroundings (Bergström, 1986). Carl Jan, a trained head-waiter, had preceded his restaurant education with training in advertising, and especially in creating exhibitions and signs. Moreover, he had studied the history of art. Nothing happened during the summer, but in August the telephone rang and Ericsson revealed that she had arranged a meeting with Lindqvist. Carl Jan had no automobile, and was driven there by his father. We cannot resist quoting Sture Nilsson again:

“On his first visit to Grythyttan, Carl Jan was regarded with some suspicion. One can certainly sympathise with the inhabitants. Young Granqvist arrived without either a car or a female companion. Instead, he was accompanied by his old father. The prospective innkeeper wore plus-fours with burgundy-coloured socks and tufted shoes in the same enchanting hue. Nobody within living memory had ever seen this in Grythyttan. Carl Jan Granqvist entered

the dining room, then under renovation, and exclaimed: ‘I can have three sittings a day here with 80 guests at a time’.”

Representatives of the Folklore Association and the Inn Foundation were dumbstruck. Would 240 guests per day approach a couple of 26-year-old legs decked out in burgundy-coloured socks?” (Granqvist and Nilsson, 1998, p. 28.)

At Carl Jan’s first meeting, there was no formal decision. He received the “homework” of making a budget and a marketing plan. To deal with the budget, he got help from a friend, and calculations were made with the IKEA catalogue as a basis. But they did more. First, they asked the priest how many funerals took place every year, and checked the number of 50-year anniversaries. Further, they contacted companies and organisations that might be interested in holding parties at the inn. Carl Jan’s friend Anders Lindström proved to be an expert at drawing elegant diagrams with inset calculations of probability. Such a study was entirely new to Arthur Lindqvist and the others, and it earned great trust. Still, Carl Jan did not get any decision. Meanwhile he took the liberty of shipping all sorts of antiques to the inn. He also obtained money from the Folklore Association and private donors to buy furniture, bedclothes and so forth at auctions and elsewhere.

Carl Jan never became a formal employee. He had to form a company and run the operation as best he could. Extremely few people – not even several of his closest friends – believed in the business idea of shaking life into an old inn at a completely obscure town in the middle of nowhere.

On Christmas morning of 1972, there was a quiet opening of the inn which had been hibernating since 1912. Interest was so enormous that long queues stretched through the little town. Thousands of people came, and Carl Jan had to put announcements in the newspaper with advice *not* to come to the inn.

After the start-up, Carl Jan focused on several different types of guests. Customers came either just to eat a meal, or also to spend the night. The local population was mixed with guests from other countries. Celebrities, ordinary folk, pensioners and business leaders – all of them found the offer in Grythyttan to be unique. The marketing was offensive. A colleague, Enar Lundström, used the telephone to contact more than 300 companies as well as state and municipal organisations. The first conference client turned out to be the company Bofors.

And all the time, the inn went on being improved, in regard to the buildings and furniture as well as the gastronomic and cultural content. The lounge was furnished with great care. Gradually the houses were expanded and renovated. The gardens were recreated. Different

rooms reflected distinctive periods, and the commitment to details and quality was superb. Carl Jan knew the art of depicting details in his offers to customers: “To lie on a cold-ironed sheet with beautiful lace is an emotional...investment” (quoted in Bergström, 1986, p. 114). The inn was full of art, antiques and flower decorations. Yet the old and local were allowed to contrast with “global impulses”. Alongside the town newspaper, the guests could leaf through, for example, *Le Figaro*. In the reception, clocks were placed that showed the time in Grythyttan, New York and Tokyo. Moreover, cultural and ceremonial activities of diverse kinds were arranged. There were musical evenings, poetry readings, lectures, courses, exhibits – the list is indeed long.

The food was a story in itself. At first a commitment was made to local traditions of food. By means such as a prize competition in the newspaper, recipes from the community were attracted. But eventually French cuisine took over, and wines became conspicuous. The inn got some important publicity on television when contestants from the programme *Two Hours* won a weekend at the Grythyttan Inn. During the autumn of 1983, a very popular TV programme was started – *Living Life* – where Carl Jan Granqvist and Knut-Christian Gröntoft tested and commented on different wines in the cellar beneath the inn. Their eloquent descriptions of experiences in taste did not escape any Swede. Talking about wine on television was almost shocking news at that time. Now the whole country knew of “the crazy innkeeper”, and the impact was spiced by the appearance of *The First Wine Book* in 1985 from the publishing house Norstedts.

Enormous success followed. Carl Jan developed the company from three people at the start into Grythyttan’s largest employer by 1985. Initially, around 1974, the company’s turnover was 1.3 million crowns, but in 1985 this had grown to about 20 million. In his marketing, Carl Jan made use of unconventional methods. An example occurred in 1984, when he stopped the royal tour of the country on its way through Örebro County, offered champagne to the King and Queen, and was arrested by the police.

There was also an extensive investment in education. Sune Valegren has portrayed it thus: “Among the guests, an interest was discovered in helping and learning about cooking and serving. Then the concept of Cordon Bleu was ‘borrowed’ from France, and courses flourished.” In the early 1980s, so-called Cordon Bleu courses during some vacation weeks were begun, where amateurs interested in food were allowed to try preparing and serving it. Given without any permission from the famous Le Cordon Bleu school in Paris, these courses were attended by many university graduates. A discussion one evening disclosed that the

restaurant industry had no advanced schooling, which was surprising in view of the industry's size. This sowed a seed of thought, and Carl Jan remarked: "Here a pedagogical idea is nurtured slowly for ten years about how an interdisciplinary education in processes of handicraft and art could be organised for training in the restaurant business."

In 1987 the so-called Mining District Billion was granted to support the structurally afflicted region. Carl Jan arranged for some of these funds to be channelled into an *inquiry on higher education* about meals. What was then Örebro College took up the idea and added a commitment of its own. In 1990 the Restaurant College accepted 18 students on trial, the education being only an experiment thus far. But it became permanent by a decision of Parliament in 1992, with an orientation toward "the aesthetic formation of meals".

After a year or so of intensive competition over the Swedish pavilion at the World Exhibition in Seville in 1991, a decision was made to rebuild it at Grythyttan as a seat of education in knowledge about meals. In 1993 the first "spoonful" was taken by the renowned cook Tore Wretman. Such a complement to the traditional inauguration with a "spade" was typical of the imaginative thinking involved. The building was opened in 1994. Behind the project lay a huge amount of work. Carl Jan observed: "Without physics it is sometimes impossible to realise ideas – one must have buildings. With this house of meals, our entire project became clear. We launched processes in parallel to anchor it in the press and media, and among industry people in the food line. We created networks that would provide the basis for a future academy of food. We started a society of friends for the coming academy and its library fund. Privately, we have collected thirteen million crowns to buy Tore Wretman's library and expand it."

As a trademark, Grythyttan has an extremely strong national position. Alongside the inn, there are about twenty other companies in what became a food-and-entertainment cluster. Exclusive cheeses like Bredsjö Blå, and berry wines like Grythyttan Hjorton, are made locally. Today, Grythyttan is a thriving community.

In 2001 the Restaurant College obtained its first professor, and it now has hundreds of full-time students. Meal knowledge (Måltidskunskap in Swedish) is an approved academic research subject, with professorial chairs and postgraduate students. This Meal House is one of the region's main places to visit, offering exhibitions and a cookbook museum as well as the Lustan Kitchen Garden.

7. Learning points from the case Grythyttan

Many factors affected the line of events in the Grythyttan case. We will try to derive some of the most important conclusions. The reader should have in mind that the case represents a town that once was prosperous but then, during many years, experienced decline and decay. It was a village far away from metropolitan areas, and thus out in the middle of nowhere. During the 1960th it was a place with doubtful and probably dark future. It was a place struggling against all odds. But things happened and people got new hope. Here are 10 learning points that also contains success factors:

The first key is *substance*. Successful entrepreneurial processes are based on some sort of true substance, possible to build on. In this case it was about an old Inn and an old town centre with rich cultural-historic assets. These assets were constructed during many years ago. A place having some substance is not the same as saying that this substance is active. It needs persons with entrepreneurial spirit to see the opportunities in things others just look upon as useless material.

The second factor was about *personality*. Structures, policies and government plans are all very important, but without the right personality traits of driving agent, the odds for innovative processes to occur successfully are low. From a policy point of view it can be hard to "pick the winners", but we think it is possible to pick out the losers. Big things need extraordinary people to be created or fulfilled (compare Nietzsche, 1881). What then were the personality characteristics of the driving actors?

Arthur Lindqvist ran the first leg. What qualities had he? He had acquired a strong position as a successful entrepreneur. He had extensive knowledge and great general knowledge. He had a great historical interest and a strong sense for the district in which he lived and worked. He had personal charisma, an interest in social life, great strength of will and ability to express himself in speech and text. He also had enough money and time to pursue his own travel and pay for expenses needed. He also had a habit of behaving correct in important circles, i.e. he knew how to be representative. His stage of his life path also played in. His wife Anna-Marie had passed away in December 1967 and the inn project became perhaps a way to create a meaningful life despite his grief over the death. Time was a key issue. All that really have pushed through innovative projects know that it takes enormous amounts of time. People who are still on top in their careers are often busy with their job and have not as much time to projects on the side - and many innovative processes of the kind we are dealing with here are about things that "are outside the plan". Another feature was the brilliant surveillance

and intelligence, not least in the case of hunting for people who could support the vision to shake new life into the then so decadent place. He had an extraordinary memory and wrote down meticulous records on what different people had been said at various meetings. This was also used effectively in negotiations. Lindqvist interacted with his colleague Eric Henricsson and the two had valuable and not least complementary social networks.

Carl Jan Granqvist ran the second leg in the process. He is a unique individual hard to describe. He has a huge momentum, huge interest and a tremendous ability to elicit commitment from others. His creativity is exceptional and his ability to generate new ideas and suggestions, especially solutions to problems, are of rarely seen species. But most of all, he is different. He does not follow trends, but runs his own tracks. To be extremely young and interested in antiques broke the usual pattern. To test the wines on TV the way he did broke the codes and institutions in the current zeitgeist. He is simply a pattern switcher. By being as he is, he attracted friends of his visions, and he attracted the media and opinion-forming individuals. He was not late to help these processes along. For instance, recalled the moment when he simply stopped the royal couple while passing the inn. Granqvist had a will of iron. Sune Valegren commented: "People feel that he gives, and when they want to give something back."

Lindqvist and Granqvist both managed the art of expressing themselves in speech, and that skill was used for storytelling around such things as the town's soul (*genous loci*). Granqvist had in contrast to Lindqvist difficulties in expressing himself in text, because dyslexia, but he knew how to employ state-line writers were needed.

The third success factor is *recruitment of the right persons* as the process goes on. We can have in mind that Granqvist was recruited by Lindqvist, by help of messenger friends. The right person is not always what seems to be the right person. Compare Lindqvist's choice in relation to his list of personal qualities. Lindqvist was a true local in Grythyttan, but Granqvist came from outside. We think true innovative processes need persons coming from outside because they are carriers of new worldviews and visions.

The fourth success factor is that the process is based on *a concept with original dimensions*. It should be innovative in a genuine manner. The concept should also be interpreted as having great relevance in the eyes of fund representatives. This issue is connected with timing. The focus on "aesthetic design of meals" was very original when Grythyttan first formed its concept. Most innovative processes, or suggested projects, are not original enough to be successful. The reason is that society includes competition!

The fifth factor is spelled *creative marketing and PR*. It requires very much to attract VIP-persons attention in modern society. The story of Grythyttan is to a large extent a story of brilliant marketing. The empirical section described that clearly.

Related to marketing and the core substance of some innovative process is the sixth success factor. This is about *politicians and decision maker's response on the invitations* from entrepreneurial agents such as Granqvist. We should have in mind that village development is about big things, that demands big money to be fulfilled. In most cases taxpayer's money need to be helping hands. From a policy point of view the problem is to sort out insane ideas from brilliant ideas. These decisions, don't forget, have to be taken on beforehand. It is much easier to be vice in retrospect.

The seventh success factor is continuous *concept development*. Concepts include a lot of no-physical things (like educational concept) but it includes also aesthetic and physical things. The Grythyttan story illustrates how symbols like the meal book museum or the big pavilion play very important role. Every new big thing has its honeymoon but after that hard work is needed for making an initiative alive and kicking over time.

The eighth success factor is what we call *relay-race entrepreneurship*. Bruce Springsteen has a song called "From Small Things Big Things One Day Come" and yes a few lonely people can create big things. But big things usually need so much development effort, that more than one driving agent is needed. The case showed how different people did different efforts during different points of time. From a policy perspective it is important to understand and act upon the fact that big things takes long time to create.

Our ninth success factor is about external factors. Besides customers, competitors and suppliers there are many other kinds of external factors that affect innovative processes. The case illustrated the role mass media played. We saw that the king cortège became instrumental for the PR work. World exhibitions and the so-called Bergslag billion (government money for turning the Bergslagen region) – were other examples.

Our tenth factor is about the *meaning and scope of innovation*. We interpret the Grythyttan case as an innovative process. But was the result of the process an innovation? We consider it an innovation for many reasons. First, the phenomenon created – an integrated culinary art arena – was very original. Second, many of the methods and part phenomena of this arena formation and result of formation were innovative. Third, the formation ended up in a brand new knowledge discipline (Måltidskunskap) that was first of its kind if we consider the meaning of it. We have really tried to investigate if it was unique. A visit to one of the leading

meal-focused universities in the world, University of Gastronomic Sciences in Italy, confirmed our interpretation. Moreover: The Grythyttan case was not an example of company innovation. Nor was it an example of technical innovation; rather it had societal dimensions. The case did not only show idea development. The ideas were also implemented in practice, and got a footing in society. Innovation is so important for us, so we want, soon, to make some reflections on this theme in the light of the case just presented.

8. Discussion

Our starting point was that the ability to develop villages is a matter of three factors: the spatial structure of and around the village, the internal energy, and external factors.

We have presented a new model for illustrating the spatial structure around and between villages and cities. Our model indicates that the structural conditions in Bergslagen might be even worse than the general assumption. The long periods of economic decline and population loss in Grythyttan, Grängesberg and Bergslagen as a whole, should be seen in the light of an exhaustive structural change in the economy and production system. But it is also a cause of that economic growth is to a larger and larger extent concentrated to big cities and metropolitan areas. Our main case, Grythyttan, is way out of the influence area of big cities. Instead, it is situated in a very small local labour market, and is highly dependent on a slightly bigger village with very negative development. Everything says that Grythyttans' development curve would be similar to Grängesbergs'. But it is not. That brings us back to our initial question: How can people in a small village construct a positive development process for that village despite the fact that the situation seems to be against all odds?

Our main conclusion is that the internal energy for sure might be important in every village. But it should be considered as a must for villages with structure conditions similar to Grythyttans'. For sure, studies have shown that the local labour markets are getting larger, but in very few cases this lead to positive development processes. Therefore, processes initiated by locals are a key factor. But will all such processes lead to success? No, not by automatics. It needs to be innovative. So let's turn, before we end, to a more general reflection around the term innovation.

The way we think about innovation has changed over the past 50 years. As an example, the so-called linear model (Nelson, 1959; Arrow, 1962; Rogers, 1962; Schmookler, 1966; Cooper, 1971; van de Ven, 1986) has been replaced by the innovation system model (see Freeman 1982; Nelson 1987; Lundvall, 1988; Lundvall, 2007). Despite differences regarding

the linear or the system view, most authors share the view that innovation is primarily concerned with technology or product development. These theories also assume that technological knowledge is the core knowledge for any innovation. But the original meaning of innovation was innovative concepts in whatever area that is introduced in society and/or on the market.

The English term innovation is just an off-spring from other languages. Elsewhere we present a more detailed investigation of the term from an etymological perspective (see Frankelius, forthcoming). Some notes about it could be mentioned here:

The term innovation is probably derived from the Latin word *novare* (make new) and *novus* (new, fresh, young). One variant of the adjective *novus* is *novae*. If connected with the Latin prefix ‘*res*’ (which means thing, matter, affair, fact, condition etc.) we get the phrase ‘*res novae*’. Well-informed sources trace the term innovation to this ‘*res novae*’ (see Morwood, 2005). That phrase was frequently used by Quintus Horatius Flaccus and his contemporaries in the Roman Empire during the first century before Christ (Wagenvoort, 1956). Because of the context in which the phrase was typically used, we interpret the meaning of it as a reference to something new and revolutionary for people. According to this derivation it is not enough for something to be new to call it innovation. It has to be revolutionary as well.

However, the word innovation has still older roots – in the Greek language, which has been shown by D’Angour (1998). One can trace two predecessors of the term innovation from the Greeks. The first one is found in an Aristophanic comedy 422 B.C. (Aristophanes, 1971). In fact, Aristophanes may have produced the earliest known term for what today is known as innovation. His Greek word was *kainotomia*. He used this word in a new way. From the beginning the word *kainotomia* probably meant cutting new channels in a mine for the extraction of precious metal. The metaphor Aristophanes used was, as we interpret it, that innovation is about finding or creating new ways that lead to some kind of value.

But the word innovation seems to have a parallel and maybe still older predecessor. D’Angour (2009) points at the word *palingenesia*. It was used by the philosopher Democritus (in Latin Democritus), born in Abdera around 460 B.C. (although according to some 490). The translation of that word probably is ‘rebirth’. Our interpretation of the intended meaning was ‘an absolute new beginning of something’.

Our conclusion from this brief etymological study is that innovation as a term originally meant something that at the same time matches three criteria. An innovation is something that

is: (1) principally new with high level of originality, (2) in whatever area, and (3) that also breaks into (or obtains a footing in) society, often via the market.

The phase ‘principally new with high level of originality’ in our definition should be interpreted as newness in some specific context and at some specific point (or period) of time. The second criteria mentioned above – ‘in whatever area’ – is worth underlining.

We think that innovation is a very useful concept also for understanding the development of villages and regions. It seems that the meaning of innovation, according to the discussion above, well matches what happened in Grythyttan village.

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