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Mobilizing leadership in cities and regions

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Increasing attention has been given to the role of leadership as an important determinant of growth at the regional or local scale (Organisation for Economic Co-operation and Development (OECD), [2010]. *Regions matter*. Paris: OECD, [2012]. *Growth in all regions*. Paris: OECD). Scholarship on the leadership of places, however, remains an under-developed field, with much research either overly reliant upon perspectives drawn from management disciplines or limited to case study analysis of ‘success’ stories. While there have been significant exceptions (Stimson, Stough, with Salazar, [2009]. *Leadership and institutions in regional endogenous development*. Cheltenham: Edward Elgar), too little attention has been paid to developing a systematic approach to understanding place leadership. This paper reviews the literature on the leadership of places and argues there is now a sufficient body of scholarship to enable the development of more analytically rigorous approaches. It also posits that effective leadership is now more important for the success of places than in the past and that contemporary growth dynamics are likely to raise its significance further. The paper argues that governments and communities alike can encourage the development of local leadership and that the steps needed to achieve this objective are already well known.

Keywords: Regional leadership; place leadership; endogenous growth; leaders; collaborative action

Introduction

Leadership is something that everyone can agree is important, but at the same time struggle to define or identify in a systematic way. While many might argue that they ‘know it when we see it’, few can articulate a precise process for recognizing and acknowledging effective leadership, let alone creating and then further developing leadership at the local scale. Too often leadership is associated with the near deification of ‘great persons’ – apparently charismatic individuals who are seen to be an important lightning rod for bringing about change and positive development. The challenge of understanding leadership is even greater when we consider the leadership of places – such as cities, regions or small rural communities – where the task of leadership appears much more complex than in a hierarchical organization, such as a company, central government department or city administration. Researchers such as Collinge, Gibney, & Mabey (2010) make a very explicit distinction between leadership *in* regions and cities and the leadership *of* these communities. Despite these conceptual difficulties, there is a strong consensus among researchers (Stimson et al., 2009), think tanks (Marshall & Finch, 2006), and policy advisers (McKinsey & Co, 1994) that place-based leadership is important. Moreover, it is argued that communities need to enhance their opportunities

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for leadership if they are to maximize their prospects for development. Indeed, recent work by Rodriguez-Pose (2013) suggests that leadership is, perhaps, the ‘missing variable’ in understanding why some places grow and others languish.

This paper surveys the literature on the leadership of communities, cities and regions. It considers how leadership is defined, how it finds expression at the scale of cities, regions and/or localities, and documents the impediments to effective leadership. It evaluates the major themes within the relevant literature, especially writing on the relationship between place-based leadership and economic development. The paper argues that the greatest risk for places is not poor leadership, but the absence of leadership and that governments have a role in creating the conditions under which leadership can emerge. Nations with highly centralized governments are less likely to encourage the rise of effective local leadership, which in turn reinforces already established growth dynamics, including the tendency for development to be concentrated in metropolitan areas. Finally, the paper draws out some of the policy implications for communities, governments and industry.

Leadership: definition, context and impact

How we understand leadership, and what leadership means at the city or regional scale, is a fundamental question for regional science and regional studies. Many authors argue that leadership is central to encouraging growth locally, with Stimson et al. (2009, p. 1) contending that effective leadership means that a city or region will take a strong role in setting a vision for the future and then move on to implement plans and processes that bring about change. Effective leadership, it is argued, will also monitor regional performance and adjust strategies and plans as necessary. These perspectives, however, raise difficult questions about how we understand ‘good’ or ‘bad’ leadership, or how we distinguish between ‘effective’ and ‘ineffective’ leadership. There appears to be a fundamental difficulty in attempting to quantify and measure an essentially qualitative concept. In terms of our broader understanding of regional processes, a focus upon leadership appears to be fundamental to success in local economic development and too often accounts of how to develop places simply discuss government programmes and other structural or institutional arrangements. Such perspectives remove individuals and their actions – agency – from our understanding of how places develop. Thinking about leadership empowers us to consider what individuals, businesses and groups can do to bring about positive change in a small community, major city or wider region.

A considerable body of work has been produced on leadership by authors from various disciplinary backgrounds: social psychologists, management theorists, economists and public policy analysts have all considered the issue in greater or lesser depth. Increasingly, researchers working in regional studies and regional science have turned their attention to the question of leadership and the contribution leadership makes to the prosperity of places (Collinge & Gibney, 2010; McCann, 2013). Stimson et al. (2009) examine the question of leadership within the broader examination of endogenous growth models. Sotarauta (2009, 2010) considers the role of networks and professional officers in leading regions, as well as the relationship between leadership and power within communities and the tactics employed by leaders to achieve specified ends. Collinge & Gibney (2010) explore leadership as a relational phenomenon: with both leader dominance and follower dominance both potentially influential. Other writing considers leadership within the context of peripheral economies (Kroehn, Maude, &

Beer, 2010) and the contribution leadership makes to the achievement of environmental sustainability (Sotarauta, Horlings, & Liddle, 2012). Importantly, there is not a single theory of leadership that answers all the critical questions economic development practitioners or regional scientists would ask. Academic accounts of leadership tend to be dominated by case studies (e.g., Peters, 2012; Raagma, Kindel, & Lusi, 2012) or models that appear to be over-simplified and abstract – though this is to be expected when we consider that leadership is – by definition – contextual. There are, however, a number of perspectives that can inform both good practice and the development of a more robust understanding of place leadership. These contributions include work on defining leadership within places, understanding the critical components of effective leadership; and scholarship on the relationship between institutions and leadership.

Defining leadership at the local level is an important first step towards implementing good leadership practice within a community and in advancing our understanding of this important concept. Stough, DeSantis, Stimson, & Roberts (2001, p. 177) argue that place-based leadership is ‘the tendency of the community to collaborate across sectors in a sustained, purposeful manner to enhance the economic performance or economic environment of its region’. Stimson, Stough, & Roberts (2002) propose that

leadership for regional economic development will not be based on traditional hierarchical relationships; rather it will be a collaborative relationship between institutional actors encompassing the public, private and community sectors – and it will be based on mutual trust and co-operation. (p. 279)

There are numerous other definitions of leadership at the local scale (e.g., Bennis & Nanus, 1991; Burns, 1978), but these two are attractive because they draw out a number of themes embedded within, and common across, research into local leadership. Critically, leadership at the local scale is seen to be focused on the goal of improving economic – and potentially other – outcomes; it tends to be collaborative rather than hierarchical – that is, it involves collaboration across a number institutions, individuals and firms; and it has a distinct long-term dimension. Stimson et al. (2009, p. 34) identify three critical factors for effective local leadership: it should involve the sharing of power, it should be flexible and it should be rooted in entrepreneurialism. Research and writing on local leadership is often explicitly focused on *transformational leadership* rather than on transactional leadership (Bass, 1985), with the former emphasizing the processes that transcend organizational, environmental and human limitations in order to manage effectively a process of change. Importantly, not all individuals or groups who occupy leadership positions meet the ‘effective leadership’ criteria identified by Stimson et al. (2009). Some individuals occupy positions of influence simply to maintain a position of power, sustain the status quo, or because of long-standing traditions and expectations within that community (Gray & Sinclair, 2005).

It is important to distinguish between formal and informal leadership within communities. As Sotarauta et al. (2012) note, leadership is often recognized in terms of formally constituted hierarchical power and while formal offices are important – mayors, members of government-appointed boards, etc. – leadership is also expressed informally. Such informal leadership spans institutional and spatial boundaries into territories where leaders act without formal authorization but with a clear sense of need. Often this type of leadership presents a different set of challenges for individuals, and groups as the goals to be achieved are often poorly defined there may be an absence of networks to

assist leaders and the tasks to be completed are frequently embedded with role ambiguities (Sotarauta et al., 2012, p. 4).

Our understanding of leadership comes from a number of sources. Social psychology and management theory have tended to dominate writing on leadership, and within these fields there has been a greater emphasis on leadership within business settings where power relations tend to be organized vertically. This means that some of these perspectives are less useful in considering place-based leadership where power and influence tend to be distributed horizontally across groups, and where leaders need different skills sets and modes of operating. There is, however, value in briefly reviewing these perspectives as they provide the context for the contemporary understanding of leadership at the regional level (Stimson et al., 2009, pp. 35–36; Vaughan & Hogg, 2002, pp. 231–241).

One of the most recognized perspectives on leadership is the ‘great person’ approach to leadership. This paradigm emphasizes the characteristics and actions of individuals recognized for their singular achievements. Here the focus is on the personality traits of the leader, with an implicit assumption that leaders are likely to be born not made and that success for institutions may well depend on finding and keeping an effective leader. Other perspectives focus on the context of leadership, and consider the ways in which different challenges call for varying skill sets and abilities. These approaches imply that individuals become community leaders as challenges that meet their skills arise, and that leadership is something shared amongst a group as no one individual has capabilities appropriate for all tasks. Stimson et al. (2009) observed that contingency theory sees crisis as critical: the onset of a crisis or economic shock highlights the need to change processes and mindsets at the local or regional scale, which in turn energizes existing leaders and creates conditions that see new leaders emerge. Crisis may also generate new models or ways of growing within the region and encourage a shift away from stagnant or declining industries. In this instance, crisis can be seen to force communities and regions to learn new – more productive – approaches to development.

Stimson et al. (2009) note that many case studies of leadership locally – including in their monograph – centre on places that have regenerated after crisis. However, it would be misguided to take a view that is overly positive on how places respond to crisis or economic shock. Many make poor choices, or are denied the ability to make choices at all – as will be discussed below – and the likelihood of entrenched failure is greater than the prospects for success. In illustration of this point, Bailey, Bellandi, Caloffi, & De Propriis (2010) contrast the experiences of the Prato textile machinery district in Italy with the West Midlands automotive cluster in England. Both localities were confronted by structural economic change, a challenge that was beyond the traditional leadership of Prato, but within the capacities of the more formal institutions of the West Midlands. Bailey et al. (2010) conclude that the structures of leadership evident in Prato were not appropriate for mapping out a new economic pathway for the region, and that while new forms of leadership appeared to be emerging, their prospects for success were uncertain. The challenge of path dependency in economic development is well known (Henning, Stam, & Wenting, 2013) and is sometimes perceived to be inescapable. Halkier (2013), however, suggests that ‘path plasticity’ is possible, and that local leadership can play an important role in guiding places to alternative development trajectories. The key point is that communities and regions can adjust, but it would be wrong to assume that crisis or economic shock inevitably results in either a positive response from the existing leadership or the emergence of new, more effective, leaders.

Behavioural perspectives on leadership consider different styles of leadership – autocratic, democratic and laissez-faire – and seek to understand how leaders operate rather than investigate the origins of leadership. A fourth way of examining leadership considers the interactions between individuals and a ‘distinction is made between *socio-emotional leaders*, who are concerned with group member feelings and relationships rather than with group tasks, and *task-oriented leaders*, who are concerned with group tasks rather than relationships among group members (emphasis added)’ (Stimson et al., 2009, p. 35). According to this paradigm, both types of leaders can be effective under the right circumstances. Transactionalist theory, based on the work of Hollander (1958), emphasizes the group processes surrounding leadership and notes that ‘without followers there can be no leader’ (Hollander, 1958, cited in Stimson et al., 2009, p. 36), such that leaders need to be understood as being able to create the conditions under which they can direct the activities of others, while at the same time creating an environment in which group members feel valued and trusted. Within this schema, leaders are both a member of the group – and broadly reflective of their aspirations, backgrounds and culture – but also an agent for change and difference. The ‘charismatic’ behaviour that some leaders exhibit is seen to be symptomatic of this drive for change, both differentiating the leader from others and helping to create an environment in which they are able to set an agenda (Bass, 1990).

The management studies literature on leadership has contributed important insights to our understanding of leadership in the context of local economic development. Some authors have noted the diffuse nature of leadership within organizations, and that leaders need to build continuously effective personal relationships (Heifetz & Linsky, 2002). Others have commented upon the importance of ‘the “ordinary” – as opposed to the “heroic” leader – who moves quietly, patiently and incrementally’ (Badaracco, 2002, cited in Stimson et al., 2009, p. 37). A third group of writers has commented on the processes of bringing about change and the need to address the feelings of others as ‘people do not change because of persuasive analytical argument; rather they change because they have been “emotionally reached” by dramatic visualizations of problems or solutions’ (Stimson et al., 2009, p. 38).

Some of the more recent writing on leadership by management researchers has sought to draw insights from complexity theory to the understanding of leadership (Osborn & Marion, 2009; Schneider & Summers, 2006; Uhl-Bien & Marion, 2009; Uhl-Bien, Marion, & McKelvey et al., 2007). This body of scholarship suggests that much leadership theory and training is out of date as it reflects 20th-century industry, and consequent need for senior management both to articulate a vision for the future and to ensure its implementation across, and within, the organization. In developing Complexity Leadership Theory (CLT) (Uhl-Bien et al., 2007) this intellectual movement critiques past studies because ‘Leadership theory has largely focused on *leaders* – the actions of individuals. It has not examined the dynamic, complex systems and processes that comprise *leadership* (emphasis added)’ (Uhl-Bien et al., 2007, p. 299). This theoretical schema argues that prior scholarship has focused on the content of leadership without addressing its fundamental dynamic – as a process. CLT highlights the role of context in shaping leadership (Osborn & Marion, 2009), referring specifically to the relationships between various agents and actors. It also identifies three types of leadership: administrative, adaptive and enabling. Administrative leaders are those occupying formal management roles; adaptive leadership is ‘a complex dynamic rather than a person’ (Uhl-Bien et al., 2007, p. 306) and arises out of the conflict and struggles between groups; and enabling leadership creates the conditions that make adaptive leadership

possible. A central pillar of this work is its foundation on complexity theory, which highlights the unpredictable, and apparently chaotic, dynamic embedded within some systems. Critically:

If a system can be described in terms of its individual constituents...it is merely complicated, if the interactions between the system and its environment, are of such a nature that the system as a whole cannot be understood simply by analysing its components, it is complex. (Uhl-Bien et al., 2007, p. 299)

CLT highlights that leadership is emergent – arising out of interactions between individual actors – with adaptive leaders generating ideas and information that assist the process of change (Uhl-Bien & Marion, 2009). Transformation is often driven by ‘attractors’ – ideas or processes that resonate with the broader group and either start or add to a momentum for transformation. As change commences, agents can become ‘bonded’ together as each becomes linked by need or commitment to a common purpose.

In many respects, CLT is an intuitively attractive paradigm for researchers working on the leadership of places as it emphasizes mechanisms and processes of change, rather than contributing variables (Uhl-Bien et al., 2007). It also accords with the complexity witnessed empirically, with diffuse and highly fluid processes either fostering or denying leadership in ways that are difficult to comprehend. However, we should exercise caution before wholeheartedly embracing CLT as the environments in which the leadership of places is enacted may not be sufficiently chaotic to meet the conditions assumed in this model. Schneider & Summers (2006) note that complexity theory has value in understanding systems on the ‘edge of chaos’ (p. 355) – such as a technology ‘start up’ – but such perspectives may have limited utility in seeking to understand civic leadership at the city, region or village scale. There is value in reflecting upon CLT, and especially its insights into the differing types of leadership that can be identified, the emphasis on non-linear processes and outcomes, and the importance placed on the interaction of elements. Its focus upon leadership – rather than leaders – is also an important contribution to academic debate, with leadership appearing to be more amenable to empirical analysis than relatively narrow concerns with the personality traits of leaders.

The leadership of places

Reviewing the literature on leadership from a range of disciplines helps define this social phenomenon and understand some of the key drivers of successful leadership. However, the leadership of places has distinctive features when compared with the leadership evident in private, government or non-profit organizations. Collinge et al. (2010) tie their discussion of the leadership of place to the challenges arising out of a more complex policy environment where localities are continually shaped and reshaped by diverse stakeholders working singularly or in partnership. They argued that when compared with the past local leaders face greater demands as roles have blurred and new processes have been introduced by governments.

One of the key differences between leadership generally and local leadership is in how, if at all, leadership emerges in communities. In formal organizations leaders – such as the chief executive officer, secretary of a department, president of a university or chair of the board – are appointed by the institution and either perform that role well, or not. However, in understanding how leadership might find expression in a city, community or

region we need to accept that despite apparent need, leadership roles may not be taken up. Not every vacuum gets filled, which in turn implies that the leadership of places carries with it both the risk of poor leadership *and* the risk of the absence of leadership.

The concept of 'slack resources' is central to understanding the nature and composition of leadership at the local scale. The notion of slack resources is taken from the scholarship of economists on firms (Cyert & Marsh, 1963) and was applied to questions of local development by De Santis & Stough (1999) and Stimson et al. (2009). Critically, these authors argue that local leadership is a key driver of growth, as the quality of decisions made locally either adds or detracts from the region's growth potential. Put simply, places that make good decisions are more likely to grow; places that make poor choices are likely to squander their opportunities. Critically, leadership is seen to come from the 'slack resources' in the region, and is defined as:

excess resources that may be manifest as sources of voluntary contributions to 'civic activities', or locally-based and focussed community efforts by public, private and non-profit organisations and foundations. Such allocation of excess resources to those types of organisations and activities may be seen as enhancing both the leadership potential and institutional capacity of a region. (Stimson et al., 2009, p. 27)

Put more simply, good leadership depends on having sufficient uncommitted resources, and especially high-quality individuals – human resources – to devote to questions of strategic significance. These resources may come from either the donated time of volunteers – local business leaders, senior government officers, community activists, etc. – or professional economic development staff, local government officers or personnel of other agencies who have sufficient time to consider long-term issues (Sotarauta, 2009). This perspective on leadership at the local level has a number of practical implications: first, it emphasizes that the quality and perspectives of the individuals involved in leadership are critical. If leadership roles are occupied by individuals with limited capacity, the decision-making is likely to be poor. Second, it suggests that leadership can be found amongst those individuals who volunteer their time for the boards and advisory committees of local and regional development agencies (McKinsey & Co., 1994) *and* amongst the professional staff of these agencies. It is not a case of either one or the other: ideally, cities, regions and communities draw upon both sources of leadership. Third, places may have leadership deficits as a consequence of a number of factors, including the absence of key decision-makers in the region or too few individuals with sufficient time to contribute to shaping the communities' welfare. Beer & Baker (2012) suggest that there are leadership deficits in some Australian rural communities because the processes of economic restructuring have seen both public- and private-sector managers relocated out of the region, while local landowners and small business people are fully occupied sustaining their farms or other enterprises.

Identifying effective leadership

Published research presents a consensus view on the nature of effective leadership for local economic development. It is:

community-based and/or region-wide in its impact, [and] its impact will not be based on traditional hierarchical relationships; rather it will be a collaborative relationship between local institutional actors – encompassing the public, private and community sectors – and it will be based on mutual trust and co-operation. (Stimson et al., 2009, p. 41)

Stimson et al. (2009) go on to suggest that some of the key features of effective leadership in economic development include collaboration, trust, the sharing of power, flexibility, entrepreneurialism and a willingness to be proactive. These are characteristics not easily found within the community or business sector, and this definition highlights the challenge of developing and sustaining successful leadership coalitions. It is worth noting that often accounts of success in leadership are set within particular time periods or events, which can lead us to conclude that effective leadership in economic development may well be a temporary phenomenon. On the other hand, Sotarauta & Mustikkamaki (2012) consider the role of leadership relays, where individuals and groups of individuals took on specific, time-limited, roles in enacting change at the local level. Positive outcomes were made possible by the ability of individuals to make specific contributions to a broader agenda, with others contributing in turn as their skills and abilities were required.

While it is possible to identify preconditions for effective leadership in local economic development, it would be misleading to suggest there is simply one style of leadership, or one set of approaches. The work of Peters (2012) on socially embedded leadership contains parallels with Badaracco's (2002) work on 'quiet leadership', with Peters emphasizing how change at the community level is often made possible through the process of leading by example, rather than by articulating a formal vision for the future. Her work also calls us to question the interaction between leadership, on the one hand, and bridging and bonding social capital, on the other. It is likely that many places – and especially rural communities – will potentially have two sets of leaders: one group that 'leads by doing' and is richer in bonding social capital; and a second group that 'leads by talking' and has strong skill sets in interpersonal communication and connecting with others – bridging social capital. This second group accords strongly with conventional notions of leadership and these individuals are able to articulate and set a vision for the future while simultaneously engaging with external stakeholders through formal and informal networks. Both types of leadership are likely to be effective under the right set of circumstances and, in very fortunate localities, may work in tandem.

Figure 1 presents a stylized representation of 'leading by talking' and 'leading by doing' and their relationship to bridging and bonding social capital. Critically, it highlights the diverse skill sets and preferences of potential leaders at the local or community scale, with even inwardly focused individuals capable of operating as effective leaders. Figure 1 also suggests that individuals with relatively weak connections into the culture of a place can serve as effective leaders if their external connections are sufficiently strong to enable them to serve as a bridge between the community and broader social, economic and political decision-makers.

There is a strong link between work on 'styles' of local leadership and research into where leadership resides at the local level. Sotarauta and colleagues have undertaken important analyses into the part played by professional staff – economic development practitioners – in the leadership of places, rather than the leadership offered by key individuals working in a voluntary capacity from the world of business or senior government roles. This work in turn highlights the role of governance and formal administrative arrangements. Many researchers have acknowledged the impact of institutional arrangements in both creating conditions which allow leadership to emerge and in providing a platform for economic success.

Sotarauta (2010) comments on the role of policy networks in leading the development of places. Key features of successful networks included the capacity to

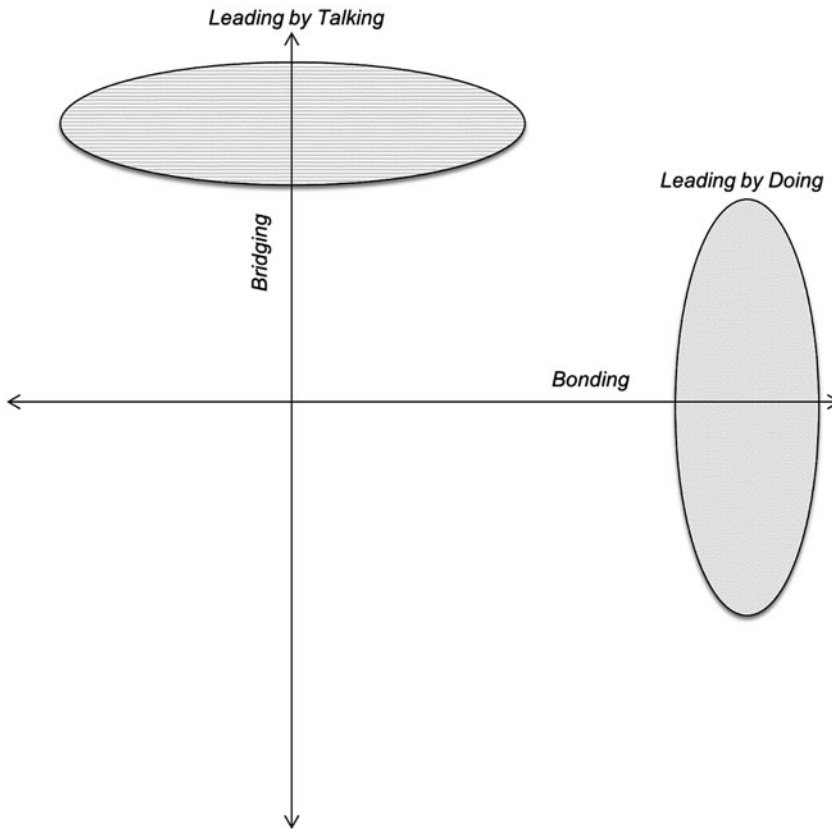


Figure 1. Styles of leadership: leading by talking and leading by doing.

span boundaries in order to ‘access spheres in which their actions and words may have influence despite no authorisation’ (p. 390); the mobilization of individuals from various walks of life; the recruitment of persons with differing skills sets and modes of operating; and the effective ‘framing’ of a problem or issue, such that all parties are motivated to act. Coordination via the creation of institutions or structures, through the forging of trust, and by the sharing of tacit and formal knowledge was also seen as central to success. Sotarauta observed that:

Policy networks consist not of submissive sheep but of strong-willed and ambitious organisations and individuals; therefore tending a ‘flock’ requires a profound understanding of reciprocal policy processes. ‘Regional development shepherds’ usually need to earn their position in the flock and the right to influence its activities. (p. 312)

There is therefore an element of ‘social proof’ to local leadership, with potential leaders needing to prove themselves to their peers and those they would seek to lead.

The review of the literature on the leadership of places shows clearly that it is not a singular phenomenon or set of experiences. Place leadership can be both enacted and experienced in multiple ways, with key roles taken by individuals – and institutions – occupying various positions within the community and operating in diverse ways. There

is no single style of leadership for places, nor set of institutions or roles that inevitably generate a cohort of leaders. Instead, leadership can arise from anywhere within a community, and this is both empowering for communities and challenging for the evolution of our academic understanding of this phenomenon.

Leadership, governments and institutions

Stimson et al. (2009) examine the impact of institutional context for leadership and observe that how government is arranged and power distributed has a significant impact in creating an environment in which leadership either thrives or is limited. Some places are marked by political schisms that meant that 'no coherent response, negotiation or agreement among a broad range of political and social groups is possible' (Parkinson, 1990, pp. 21–22). In other places, stable and coherent leadership is a central part of the competitive advantage of that city or community (Stimson et al., 2009).

The work of Amin & Thrift (1995) on institutional thickness places a spotlight on community institutions and suggests that places are more responsive to external events, and better able to shape their own future, where community groups and government agencies interact continuously, thereby creating well-understood working relationships. They conclude that places with many institutions and organizations focused on promoting a region's well-being are more likely to be successful than those with few institutions, or patchy organizational arrangements. They refer to this phenomenon as 'institutional thickness', where institutionally 'thick' places have both many actors and agents, as well as a culture of collaboration. Stimson et al. (2009), however, observe that too much institutional thickness is likely to add to the cost of doing business, or bringing about change, as transaction costs increase. Cities and communities are best served by having the 'right' number of institutions, with an excess of agency participants as detrimental to success as too few. Marshall & Finch (2006) argue that the management and development of Britain's cities had become unnecessarily complex and confused because of a proliferation of agencies resulting from central government directives. They note that 'Complex local partnerships must be chaired, public and private resources must be sought and time must be spent travelling to and from the capital, since major spending decisions are made at the heart of government rather than city halls' (p. ix); and that 'Independent bodies such as the Audit Commission have been clear that there are now so many partners involved in the redevelopment of some cities that paralysis is inevitable' (Marshall & Finch, 2006, p. ix). The challenge, of course, is to determine the appropriate number of organizations or agencies to create an environment that is sufficiently 'thick' to generate a productive set of working relationships, while not becoming overly burdened by an excess of stakeholders.

The institutions of government have a second important influence on leadership, as nations where power is centralized are less likely to accommodate the emergence of local leaders and are more likely to follow modes of government that hinder local initiatives. Centralized systems of government tend to focus narrowly on specified outputs and outcomes, while devolved systems of government are more likely to adopt a strategic approach to the challenges and opportunities confronting that locality (Pollitt & Bouckaert, 2002, cited in Stimson et al., 2009). And this distinction is critical, as 'governments that are rigid, narrowly focussed and preoccupied with rules and regulations do not function well in the contemporary rapidly changing, information rich,

knowledge intensive society and economy’ (Stimson et al., 2009, p. 54). Key institutions within the European Union have also emphasized the importance of local leadership, with the Commissioner for Regions calling on the mayors of the major cities to take a greater leadership role in leading economic growth (European Commission, 2013).

Marshall & Finch (2006) comprehensively explore the impact of centralized decision-making and a perceived absence of local influence in their research on city leadership in England. They argue that power was highly centralized in the UK, which meant that city leaders ‘have their hands tied’ (p. 16) with respect to economic development, largely because councils are highly dependent financially on central government. According to Marshall and Finch, English cities have just half the financial independence of American cities, and less than half that enjoyed by French cities. They go on to explore a number of the negative impacts arising out of this dependence, including the limited capacity to direct expenditures to where they are most needed locally; a stifling of local economic performance, resulting in muted national economic outcomes; and poorly directed investment into physical regeneration, transport infrastructure and skills development – the major drivers of growth in the 21st century. Turok (2004, p. 83) expresses similar sentiments, noting that ‘there is little or no direct incentive for UK cities and regions to promote economic growth because the revenue from business rates is pooled nationally’.

At a more local scale, and in another part of the globe, Australian researchers have highlighted the limitations of ‘leadership development’ programmes targeted at rural communities. Both Haslam McKenzie (2001) and Davies (2007) argue that leadership development programmes intended to improve the social and economic sustainability of Australia’s rural communities have fallen short of their objectives because while they have improved the skills of participating individuals, they have not been accompanied by a transformation in power relations or responsibilities. As Davies (2007) notes, context is fundamental to the exercise of leadership, and effective leadership needs to be generated internally, rather than imposed via an externally funded programme. Leadership needs to be given the opportunity to be enacted rather than merely discussed. Australia, like the UK, has a highly centralized system of government, with many rural, regional and remote communities experiencing the negative impacts of both economic restructuring and the adoption of neoliberal models of government (Beer, 2012; Beer, Clower, Haughton, & Maude, 2005). It is important to acknowledge that these insights are not limited to Australia and its peripheral regions: in broad terms, effective leadership can only arise where communities are given both responsibility and power for decision-making and its realization. The David Cameron coalition government in the UK has a policy agenda that emphasizes *new localism* but effectively reserves power for central government (Gallent & Robinson, 2013). Liddle (2011), for example, argues that coalition government’s local enterprise partnerships (LEPs) are ‘deficient in democratic terms’ (p. 30), lack real power and have a limited capacity to influence the apparatus of the state. Effective leadership cannot develop under such circumstances and these arrangements may result in a cohort of disillusioned leaders.

The insights into the nature of governmental power and its relationship with local leadership discussed in this section help us to understand why too many government policies and programmes for local or regional development do not achieve their goals, or do so only through significant government expenditure (Beer, 2009). On the other hand, some writers suggest that a group of locations exhibit what they refer to as

‘collaborative advantage’, which is additional to competitive advantage (Porter, 1990), and expedites the capacity of these localities to respond to new opportunities and move strategically to reshape their future (OECD, 2012; Stimson et al., 2009). The flexibility and responsiveness implicit in this term is clearly a highly desirable characteristic in a highly changeable global economic environment.

Implications for policy and practice

Increasingly, accounts of economic growth and its drivers at the local or regional scale have acknowledged leadership as a key determinant of growth (OECD, 2009, 2010, 2012). Such accounts often treat leadership in a relatively unsophisticated fashion, accepting its importance but shedding little light on how it emerges to be a critical influence, the types of conditions needed to stimulate its development, or how to predict either positive or negative leadership environments. It is, however, possible to draw out a number of policy and practice implications from the literature reviewed above.

First, the available evidence can lead us to conclude that places with good leadership are likely to be more successful economically than those where leadership is not developed. We can also conclude that the importance of leadership is increasing over time as economic growth becomes less dependent upon natural resources or historic advantages, and more a function of the decisions made with respect to infrastructure, the development of the workforce, industry mix, investment in research and development, and effective marketing (OECD, 2010, 2012). Effective local leadership may also be more important in smaller communities than in large metropolitan areas as they are more likely to be overlooked by the processes and priorities of central governments. Places that want to prosper in future need to plan for, and implement, strategies that deliver to them effective leadership in the short-, medium- and long-term.

Second, knowing the fundamentals of effective leadership at the local scale it is possible to create the conditions that foster its emergence. To be effective, local leadership needs to be based on collaboration, power sharing, a forward-looking approach and flexibility. Not all individuals or business leaders in a community will have the capacity to work effectively within this environment, but some will, and they can form the nucleus of leadership development.

Third, governments can promote the emergence of effective leadership by delegating powers to communities wherever possible. The European Union already recognizes this priority through its principle of subsidiarity, while the United States is distinguished by the diffusion of power across the three tiers of government and into communities. Other nations, however, are marked by centralizing tendencies that can stifle leadership locally. As Stimson et al. (2009) note, institutions

have a powerful influence on how organisations and regions adjust to change. [...] It is not the nature and structure of institutions *per se* that is necessarily important, but rather the capacity of institutions to be fast and flexible [...] and to manage risk in an increasingly uncertain and competitive world. (pp. 61–62)

There is no guarantee that the creation of an institutional and political space for local leadership will ensure its emergence, let alone its effectiveness, but we can be confident that the failure to create leadership opportunities locally will impede the development of many communities. Such initiatives need to have both influence and resources, and the failure of LEPS in England to attract significant private sector engagement

(Liddle, 2011) is symptomatic of the shortcomings inherent in national government approaches that espouse localism while maintaining centralized control.

Fourth, communities can and should recognize leadership deficits and take action to redress this problem. Miscued leadership is likely to have some or all of the following characteristics:

- There may be no attempt to engage with a change agenda, with individuals occupying leadership roles but not providing guidance to the community.
- Change may be pursued that it is not consistent with current understandings of best practice in local development.
- Leaders fail to exhibit a task or achievement orientation – there is no agenda for bringing about betterment.
- Leadership roles are filled by a small group with relatively narrow interests.
- The leadership group – such as an advisory committee, chamber of commerce, development board etc. – is too diffuse and unable to find common ground for decision-making.
- There is no attempt to build relationships and maintain the emotional side of community engagement and building.
- No or too few resources are allocated to bring about change. Leadership requires the deployment of slack resources, which can come from either employed officers or volunteers within the community. But leadership is a demanding task, and time and effort are needed both to lead effectively and to build coalitions of individuals that can drive change and deliver stable leadership.

Fifth, communities cannot, and should not, assume that adverse events will necessarily result in effective leadership emerging to drive recovery. While contingency theory rightly observes that some places are able to reinvent themselves after economic shock and that leadership plays an important role in this transition, economic crisis is no guarantee of success locally or regionally. It is quite likely that more places fail to adjust to profound economic challenges than thrive, but there has been a gap in the literature with respect to documenting instances of leadership failure. In consequence, we often underestimate the risks associated with poor leadership or the absence of leadership. Cities, towns and communities therefore need to plan to develop leadership, and this need is more acute in periods of economic crisis.

Sixth, communities can, and should, undertake an audit of the institutions and agencies responsible for their development. Steps need to be taken to create and sustain new organizations if gaps are identified, while agencies could be wound up or merged if local conditions are too ‘thick’ with participants. In many nations – including Australia – there is a tendency for governments to introduce new agencies without thought to their relationship with those already established. This process of ‘institutional accretion’ (Beer, Maude, & Pritchard, 2003) adds to the complexity of development locally, reducing the scope for effective leadership and potentially imposing additional burdens on the community.

Conclusions

This paper set out to undertake a survey of the literature on the leadership of places. It has shown that a considerable volume of work has been produced, and that this stock of knowledge is now sufficient to allow the emergence of new, more systematic

approaches to the examination of place-based leadership. Some of the key insights within the literature include:

- the need to focus on leadership rather than on leaders; acknowledgement that leadership is both enacted and experienced in diverse ways at the local scale;
- the importance of collaboration, power sharing and trust in the formation of horizontally based leadership coalitions;
- the fact that professional staff can serve as important catalysts for change at the community level;
- acknowledgement that leadership comes at a cost and that regions, cities and communities need to have sufficient ‘slack resources’ to ensure successful leadership;
- despite the implied prediction embedded within contingency theory, economic shock or crisis cannot guarantee the emergence of new, more effective, local leadership; and
- there are significant gaps in leadership in some nations and those with more centralized systems of government are more likely to experience local leadership deficits.

One of the most important conclusions of this paper can be traced back to its point of origination. There is increasing evidence that local leadership is fundamental to the success of cities, regions and communities and that the economic success of these places is critical to the economies of nations (OECD, 2012). Governments need to find new ways of encouraging growth, and while many of the elements of successful development are well known – the quality of human capital in a region, adequacy of infrastructure, the capacity for innovation, etc. – less attention has been paid to mobilizing leadership locally in order to deliver growth. This survey of the literature suggests that in a number of nations the potential for economic uplift from this latent source of dynamism is considerable.

Surveying the literature is an important first step towards a more comprehensive and systematic understanding of the leadership of places. However, the ambitions of researchers working in this field should be set higher, and in an ideal world researchers would be able to predict instances of good, poor and absent leadership at the local level. To date much of our understanding of place-based leadership has been drawn from *ex post facto* examinations of instances of ‘successful’ leadership. This approach, while valuable, has limited applicability at the national scale and provides relatively few insights of value to practitioners. Too often the conclusions of case study research into local leadership are idiosyncratic, with a restricted capacity to generalize the findings. In addition, the inability to predict leadership outcomes places significant limitations on our capacity to build new, more robust, theoretical models. Much more work will need to be completed on the methods that would allow researchers to translate the conceptualization of local leadership into an operational quantitative methodology, but such effort is essential if we are to advance academic debate. Finally, it is important to recognize that there has been a recent surge of interest in place-based or local leadership and we can only hope that this renewed effort will generate a more sophisticated understanding of this important dynamic in the development of regions, cities and communities.

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