

SWOT-analysis as a basis for regional strategies

Ilari Karppi
Merja Kokkonen
Kaisa Lähteenmäki-Smith



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Nordregio - the Nordic Centre for Spatial Development
PO Box 1658
S-111 86 Stockholm, Sweden
Tel. +46 8 463 5400, fax: +46 8 463 5401
e-mail: nordregio@nordregio.se
website: www.nordregio.se

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Preface

This working paper on the utilisation of SWOT analysis for strategic regional planning in Nordic countries is the result of a pilot project that sought to address two felt needs in the strategic planning sphere:

- Evaluation of the practical context of SWOT analysis within the programming documents and thus assessing the value added of this technical instrument. In the end it boils down to the question of whether SWOT succeeds in accentuating regional specificity to the extent that the region in question is actually identifiable by its SWOT. If this is so, does SWOT also contribute to enhancing the potential for competitiveness and endogenous regional development in the region in question?
- Establishment of the methodological background underlying utilisation of SWOT as a strategic instrument and, proceeding from this basis, to outline some minimum standards for the formulation of a SWOT analysis.

The work was commissioned by Nordregio. The research team in charge of the project included researchers Ilari Karppi, Kaisa Lähtenmäki-Smith and Merja Kokkonen, with Ilari Karppi as the project leader. Although the project has been a collaborative effort, Kaisa Lähtenmäki-Smith has been principally responsible for Chapters 1 and 5, Ilari Karppi for Chapters 2 and 3 and Merja Kokkonen and Kaisa Lähtenmäki-Smith for Chapter 4. The final editing of the text was done by Kaisa Lähtenmäki-Smith, with Keneva Kunz responsible for linguistic editing and corrections.

Stockholm, February 2001

1. Introduction

The aim of this pilot-project has been to assess the utilisation and usefulness of SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) in strategic planning associated with regional programmes across the Nordic countries. Within this context this project has focused on both national development projects (*tillväxtavtal* in Sweden, *regionale utviklingsprogrammer* in Norway and *aluekehittämishjelmat* in Finland) and Structural Funds programming (Objectives 1 and 2, as well as Interreg Community Initiatives). The central questions to be addressed here are:

- What is the *methodological background* behind the introduction of SWOT analysis into these programmes?
- What are the *consequences* of these methodological choices for actual strategy formation?
- Can we determine a significant *value added* from the utilisation of SWOT analysis as a strategic instrument? Does the utilisation of SWOT contribute to learning in the regions in question?
- Does SWOT function as an instrument, which brings out and accentuates the regional specificities in a sufficient manner in order that the region in question is actually identifiable by this analysis and SWOT contributes to enhancing the potential for competitiveness and endogenous regional development in the region in question?

As well as providing an analysis of the current situation in terms of the utilisation of SWOT, the conclusions section will offer some further indications as to how this policy instrument could be better utilised for regional programming processes.

1.1 Programmes chosen for analysis

The programmes chosen for analysis here share the common characteristic of functioning as a strategic policy instrument for the purposes of planning and regional development. As a general rule programmes were chosen on a representative basis: those included in the study can be seen as “ideal types” of regional development programmes in the country in question, in that they present key characteristics of programming work in general, i.e. factors such as programming and partnership.

Another factor considered in choosing the programmes was their location, both in terms of the north-south/east-west dimension within the country in question and on the basis of the functional and political role of the region, in an attempt to choose a selection of programmes that would allow some general conclusions to be drawn on the nature of programming documents (and the SWOT analysis they included) as policy instruments of Nordic regional development.

In addition to the national context, elements of synergy between the national and European level were sought. For instance, the fact that the Finnish and Swedish domestic programmes represent regions also included in the EU’s Objective programmes allows for a more comprehensive approach to the question of regional development programming in these countries. As one of the constituent parts of EU

Objective programmes in the EU Member States are the existing national regional programmes, it is only natural that both of these be considered in the analysis. Synergy factors can help in developing the programmes in a more consistent way, although there is a danger that any weakness or problem that national programmes exhibit can be reflected in the EU programmes. Thus, where synergy occurs the potential for both positive and negative effects is equally present.

The two Interreg programmes included in the analysis provide unique examples of regional development programming in its cross-border/trans-national form. The traditional framework for regional policy issues and regional development strategies has been very strongly viewed as a national policy question. Even with the introduction of a European programming dimension, this basic characteristic has not changed. Thus the introduction of multi-national planning instruments of a strategic nature, such as the Interreg programmes, allows for the examination of a different interplay between actors and forces. The fact that the Nordic regions involved in the Interreg programmes in question are also included in the national programmes analysed can be expected to allow further lessons to be learned on the nature of strategic planning within these regions.

Table 1. Programmes included in the study

TYPE OF PROGRAMME	NAME	TERRITORIAL UNIT	COUNTRY INVOLVED	NATIONAL / EUROPEAN
REGIONAL GROWTH AGREEMENT	BLEKINGE	REGION (LÄN)	SWEDEN	NATIONAL
	VÄSTER-BOTTEN			
REGIONAL DEVELOPMENT PROGRAMME	SØR-TRØNDELAG	FYLKES-KOMMUN	NORWAY	NATIONAL
	VESTFOLD	(COUNTY)		
	POHJOIS-POHJANMAA	REGION (MAAKUNTA)	FINLAND	
	VARSAINAI-SUOMI			
OBJECTIVE 1	NORRA NORRLAND (NORTH OF SWEDEN)	NUTS II REGIONS	SWEDEN	EUROPEAN
	POHJOIS-SUOMI (NORTH OF FINLAND)		FINLAND	
OBJECTIVE 2	MÅL 2 SÖDRA	NUTS II REGIONS	SWEDEN	EUROPEAN
	MÅL 2 DENMARK		DENMARK	
	ETELÄ-SUOMEN TAVOITE 2 – OHJELMA		FINLAND	
INTERREG	KVARKEN-MITTSKAN-DIA III A	NUTS III REGIONS (TRANS-NATIONAL)	FINLAND, SWEDEN, NORWAY	EUROPEAN
	BALTIC III B		FINLAND, SWEDEN, DENMARK, GERMANY, NORWAY, POLAND, BALTIC STATES, PARTS OF RUSSIA AND BELARUS	

The following table lists the priority areas defined in the programme documents analysed in an attempt to tentatively outline the strategic goals and contents of these programmes. Later the connection between the priorities and analysis included in the SWOT, as well as the other programme elements will be considered in light of the internal and external consistence and coherence, as well as the learning potential of the programmes.

Table 2. Priority areas

PROGRAMME	PRIORITY AREAS
BLEKINGE GROWTH AGREEMENT (Sweden)	<ol style="list-style-type: none"> 1. Baltic sea 2. Entrepreneurship, economic driving forces and infrastructure 3. Knowledge and competence development 4. Economically sustainable society (analysis based on a separate environmental strategy from 1995)
VÄSTERBOTTEN GROWTH AGREEMENT (Sweden)	<ol style="list-style-type: none"> 1. Education, competence development and R&D 2. Infrastructure, technology 3. International environment and markets 4. Business development, financing, supply of risk capital 5. Quality of life
VARSINAIS-SUOMI REGIONAL DEVELOPMENT PROGRAMME (Finland)	<ol style="list-style-type: none"> 1. Business development (increase and maintenance of jobs) 2. Prevention of marginalisation 3. Expertise and culture
POHJOIS-POHJANMAA REGIONAL DEVELOPMENT PROGRAMME (Finland)	<ol style="list-style-type: none"> 1. Business development 2. Education, expertise and culture 3. Land use and environment
NORRA NORRLAND OBJECTIVE 1 PROGRAMME (Sweden)	<ol style="list-style-type: none"> 1. Infrastructure 2. Business development 3. Competence development and employment 4. Rural development 5. Nature, culture and living environment 6. Sami programme
NORTH OF FINLAND OBJECTIVE 1 PROGRAMME (Finland)	<ol style="list-style-type: none"> 1. Business development 2. Rural development 3. Know-how and employment
SOUTHERN SWEDEN OBJECTIVE 2 PROGRAMME (Sweden)	<ol style="list-style-type: none"> 1. Attractive living environment 2. Business development 3. Human resources
SOUTH OF FINLAND OBJECTIVE 2 PROGRAMME (Finland)	<ol style="list-style-type: none"> 1. Increase in the attractiveness and competitiveness 2. Expertise and human resources 3. Functionality and attractiveness of living communities

KVARKEN-MITTSKANDIA INTERREG III A	<ol style="list-style-type: none"> 1. Infrastructure and transport 2. Expertise and markets 3. Shared values
BALTIC INTERREG III B	<ol style="list-style-type: none"> 1. Promotion of balanced territorial structures, supporting sustainable development 2. Institution building and co-operation between regional and local authorities
DENMARK OBJECTIVE 2	<ol style="list-style-type: none"> 1. Regional development, prerequisites for economic development 2. Development of SMEs 3. Development of human resources and competence 4. Investments to information and technical assistance
VESTFOLD REGIONAL DEVELOPMENT PROGRAMME (NORWAY)	<ol style="list-style-type: none"> 1. Welfare and values 2. Territorial administration 3. Sustainable energy 4. Competence development 5. Employment
SØR-TRØNDELAG REGIONAL DEVELOPMENT PROGRAMME (NORWAY)	<ol style="list-style-type: none"> 1. Quality of life 2. Working life 3. Land use and physical infrastructure 4. Regional development and co-operation

1.1.1 Swedish Regional Growth Agreements ('tillväxtavtal')

The aim of the Regional Growth Agreements is to promote growth and employment in the Swedish Counties. Agreements are the result of a governmental bill, "Regional Growth – for Employment and Welfare" (1997/98: 62) passed in spring 1998. The bill outlined a proposal for regional industrial policy, which could be adapted to local conditions, integrating various actors from different sectors in the regional society in the form of regional partnerships. The partnership is to begin at the planning stage and extend over the whole process cycle to include financing and implementation. The idea was that "on the basis of the unique features of each region, sustainable economic growth should be stimulated which will contribute to more expansive enterprises and to an increased in employment" (ibid.). (See also: Nordregio, Ledningskonsulterna, SIR, 2000)

The novelty of the Growth Agreements lies largely in the strongly emphasised partnership approach, including increased connections between private and public sector organisations. This novelty has been viewed positively in the counties implementing the agreements, though certain fears have been expressed that the actual undertaking of the concrete measures, which is more traditionally divided between various sectors will result in a traditionally organised, rather fragmentary field of actors. (*Promemoria*, 2000-07-24).

The actors involved in the preparation of the programme represent a wide variety of interests, from County level and municipal administration to local educational institutions, trade unions, chambers of commerce and other social and economic organisations across the region. The partnership principle was thus taken seriously, with each of the approximately 40 different institutional representatives signing the

programme, thereby formally committing themselves to the resulting document and its goals.

In addition to partnership, long-term perspective to strategic planning as an approach to regional development, as well as increased co-ordination between the different administrative levels involved are strongly emphasised in connection to Growth Agreements (*Regeringens proposition* 1997/98:62, 166) These themes are equally typical of other instruments of strategic regional planning and development and apparent in all the strategies within the programmes analysed for this study.

All twenty-one Swedish counties have developed Growth Agreements, of which we have chosen two (*Blekinge* and *Västerbotten*) for our analysis. These were chosen on the basis of their geographical location, in addition to the fact that they contribute to the creation of a comparative set of geographically similar areas within Objective 1 and 2 (along with areas in Finland also chosen for analysis).

1.1.2 Finnish and Norwegian Regional Development Programmes

There are two Finnish Regional Development Programmes included in this study: *Pohjois-Pohjanmaa* and *Varsinais-Suomi*. As most of the national programming documents, also the Finnish regional programmes are by their very nature strategic instruments, i.e. their function is mainly to steer the development work by offering it a sharper focus and concentration, setting goals and priorities rather than launching completely new activities or financial incentives. Their role is set by the national legislation steering regional development activities, i.e. Regional Development Act and Regional Development Decree (see appendix 1). The paragraph 1 of Article 3 of Regional Development Act guiding regional development activities on all administrative levels states that "Regional development authorities are in their territories responsible for general regional policy planning, preparation of the regional development programmes meant in paragraph 2 of 4 §, including the monitoring of their implementation, and the coordination of regional development measures which are the responsibility of regional administrative authorities."

The programmes are intended as guidelines for other strategic planning work within the region, as indicated by 4 § of the Act stating that "In order to achieve the objectives of this Act, regional development measures shall be directed through periodic objective programmes, the objectives, preparations and monitoring of which shall be regulated more closely by decree." It is equally stated here that: "The content of the objective programmes shall be determined in regional development programmes which shall be prepared for the programme period under the leadership of the regional development authority in its territory. Regional development programmes shall be approved by the regional development authority."

The objective programmes that are developed by the ministry of the Interior in co-operation with other ministries and the regional development authorities thus form an umbrella document, under which the regional development programmes are incorporated. Objective programme is however by its nature more of a political instrument or a framework document stating the political priorities through which the regional development programmes then pursue concrete regional development aims. The latest national objective programme was published in November 2000. The updated version of the Regional Development Act is expected in 2001, though changes

in terms of the role and principles of the national development programmes are unlikely.

The role and form of the Norwegian Regional Development Programmes is somewhat different from other national programmes included in the study. The role of the Regional Development Programmes is to assist in the co-ordination of different planning instruments in partnership between municipal and regional state authorities, economic and labour market actors. Regional Development Programmes are to supplement the strategic guidelines of the County Plans (*fylkesplan*), which is the main regional planning instrument within the Norwegian counties. Whilst the objectives of the County Plans are strategic, the aim being to provide a kind of politico-strategic steering document for all other planning activities taking place in the county, Regional Development Programmes provide a supplement to these programmes, which specifies the strategic aims in a more concrete way.

1.1.3 Objective 1 and 2 Programmes in Denmark, Sweden and Finland

The main goal of the Objective 1 programme is to promote the development and structural adjustment of regions where development is lagging behind. Objective 2 programmes in turn concentrate upon actions that support the economic and social conversion of areas facing restructuring difficulties. These goals, and the concrete measures through which these wider policy objectives are pursued, are outlined in Single Programming Documents (SPDs), which define key strategies and priorities, specific objectives and an evaluation of expected impacts. (The programmes selected as case studies can be seen in table 1.1 on page 6.)

The preparation and monitoring of the programmes is clearly regulated by the Commission through its regulations and guidelines. These place strong emphasis on the partnership principle in the programming process as a whole, requiring the participation of regional and local authorities and other competent public authorities, economic and social partners, and “other relevant competent bodies” in the process.

Although the regulative framework does not explicitly refer to SWOT analysis as an instrument for such strategy formation, its importance within the planning process becomes obvious in the more methodological planning instruments, such as the *Vademecum*, which outlines in explicit detail the stages of the programming process, as well as its contents (e.g. content of the Single Programming Document, SPD), which outlines the required description of the current situation (in the region in question) as follows:

A description, quantified where it lends itself to quantification, of the current situation with regard to disparities, gaps and potential for development (Objective 1) or conversion (Objective 2). Includes an analysis, verified in the *ex-ante* evaluation ... of the strengths, weaknesses and potential of the Member States, region(s) or sector concerned.

No explicit indication as to *how* such analysis should be performed is made nor to its strategic aim and role. These are however outlined (at least to some extent) in other methodological materials provided by the European Commission for the purposes of evaluating and participating in the programming process. An example of such

material is the so-called MEANS-collection, in which a more technical outline of the SWOT analysis is outlined (European Commission 1999).

The lack of sufficient methodological support in outlining a SWOT analysis seems to be a common feature of all programmes included here. Despite this the extent to which learning has in fact taken place within the strategy process as a whole is considerable, as will be seen later in this report. It seems justified to argue however that additional methodological support would no doubt contribute to the better realisation of the learning potential within strategic planning.

1.1.4 Interreg Community Initiatives

The underlying motivation of the Interreg Community Initiative is the encouragement of cross-border, trans-national and interregional cooperation intended to promote harmonious, balanced and sustainable development across the EU area. National borders should not be a barrier to the balanced development and integration of the European territory. The two programmes chosen for analysis in this project are Interreg Kvarken – Mittskandia (within the framework of Interreg III A) and Baltic Sea Region Interreg III B.

Interreg Community Initiatives were launched in 1989 with pilot projects that were designed to enhance cross-border co-operation on internal borders of European Community. The Interreg I programme, starting in 1990, was aimed in particular at the economic development and restructuring of the border areas. The Interreg II programme (1994-1999) widened the scope of co-operation to external border areas and larger Community networks. The new programming period (2000-2006) is substantially longer than the previous ones and new issues have also been incorporated into the programme.

Particular attention is given to external border areas and the outermost regions of the Community in light of the prospective EU enlargement. Another priority area consists of co-operation to further the peace process in the Balkans and co-operation between insular regions.

Interreg III is divided into the following three strands of co-operation:

- Strand A: Cross-border co-operation between adjacent regions and their authorities, which is intended to develop cross-border economic and social centres through the establishment of joint strategies for sustainable territorial development.
- Strand B: trans-national co-operation between national, regional and local authorities aiming to promote a higher degree of territorial integration across the Union through the formation of large groupings of European regions, with a view to achieving sustainable and balanced development within the Union. It also aims at better territorial integration with candidate and other neighbouring countries. Strand B follows closely the previous Interreg IIC and Article 10 programmes and thus has a special emphasis on spatial planning and development.
- Strand C: Inter-regional co-operation that is intended to improve the effectiveness of policies and instruments for regional development and co-

hesion through information exchange and networking. Activities are particularly aimed at regions whose development is lagging behind and those undergoing conversion. The whole of the Union area is eligible for activities within this strand.

The Commission guidelines for Interreg III (Communication from the Commission to the Member States 2000/C 143/08) do not provide any further indication as to the form and function of SWOT analysis. The Commission working papers on *ex-ante* evaluation ('The New Programming Period 2000-2006: Methodological Working Papers, no 7 – Strand A and part two – Strand B, 25 July 2000), however, state clearly that in the case of Interreg programmes a key element of the *ex-ante* evaluation is an appraisal of the analysis of strengths, weaknesses and potential of the area, including the appraisal of the prevailing situation (in particular socio-economic situation, characteristics and specific needs of the area). This appraisal, furthermore, should prioritise the opportunities and challenges of the future together with lessons drawn from the past. Thus it can be argued that SWOT analysis has played a relatively important role in the *ex-ante* evaluation of the programmes.

1.2 SWOT as a decision-support system

The SWOT analysis approach (also referred to as the “design school model”; Mintzberg 1994, 36-39) seeks to address the question of strategy formation from a two-fold perspective: from an *external* appraisal (of threats and opportunities in an environment) and from an *internal* appraisal (of strengths and weaknesses in an organisation). The two perspectives can be differentiated by the different degree of control attainable within each. The dynamic and unrestricted nature of the external environment can seriously hamper the process of detailed strategic planning, whilst internal factors are – or at least should be – more easily manageable for the organisational entity in question.

The model originally stems from the business management literature, where such an analysis has a clearly identifiable, strategic goal, as it is intended to shed light on outside opportunities and threats that can affect the future of a business, thereby suggesting some possible remedial actions that might be appropriate in certain circumstances. The internal analysis of a company's strengths and weaknesses is in turn intended to highlight certain strategies that the company can exploit, in particular, drawing attention to certain practices that the company may need to correct. (Kotler 1988: 80.) Analogous to this business strategy, public institutions may also use a similar method to outline the internal and external factors relevant to their strategic planning process. During the 1980s, public administration embraced this classical model of strategic planning, adopting the basic managerial model across such areas as regional development and municipal planning (Sotarauta & Linnamaa 1997: 75, European Commission 1999, Bryson and Roaring 1987).

The four elements of a SWOT analysis undertaken as part of a wider strategic planning are presented in the following table.

Table 3. Elements of a SWOT analysis

A strength = a resource or capacity the organisation can use effectively to achieve its objectives	A weaknesses = a limitation, fault or defect in the organisation that will keep it from achieving its objectives
An opportunity = any favourable situation in the organisation's environment	A threat = any unfavourable situation in the organisation's environment that is potentially damaging to its strategy

The actions to be undertaken that can be deduced from these four elements are:

- *Build* on strengths
- *Eliminate* weaknesses
- *Exploit* opportunities
- *Mitigate* the effect of threats (Dealtry 1992: 2).

Within the regional development environment the SWOT instrument is intended to highlight those dominant and determining factors, both within and outside of the territory in question, which are likely to influence the success of the project, as well as to produce relevant strategic guidelines by linking the project to its environment. (European Commission 1999: 42). Simply put, the aim of the strategy is to increase the level of information and thus reduce uncertainty.

The issue of context-sensitivity is seldom over-emphasised and may need further attention also within strategic planning. The management literature itself acknowledges that SWOT analyses (and similar strategic planning exercises) should not be detached cerebral/academic exercises, but rather should be an empirical exercise instructed by context-sensitive testing (Mintzberg, op. cit.: 278). Yet strategic planning has not been particularly sensitive to either action or context, instead portraying strategy-formation as a systematic, highly rational, conscious, top-down process. Once strategies have been formed, they become a matter of pure implementation and action. Even though the strategy formation stage (e.g. the assessment of strengths, weaknesses, opportunities and threats) is often depicted as thought independent of action, and strategy making as a process of conception rather than one of learning (ibid: 275), all of these elements are necessarily present in strategic planning process. Concentrating on whether or not planners, civil servants or academics can effectively model a SWOT analysis matrix, which will form the basis of their actual development strategies, seems to neglect the fact that all of the elements of such an analysis are necessarily situational: internal capability can be assessed only with respect to an external context comprised of markets, political and social forces, competitors and their actions.

The above-mentioned problem can also be stated in terms of planning/strategy formation and strategy implementation on different administrative levels. Regional SWOT analysis concentrates on the *region* in question, not on the *organisation* undertaking the SWOT, as was originally intended in the management sphere. Thus the risk exists that the strengths or weaknesses of the organisation implementing the strategy in a particular regional context will be overlooked (Sotarauta, op. cit.: 153). One could therefore argue that, difficult as it may be, organisational analysis of the *implementing* organisation should be an integral part of any SWOT analysis. The

balance between internal and external analysis, as well as the inter-organisational questions are further elaborated in connection to learning and partnership in Chapter 4.

As general as the problems regarding the necessary balance between internal and external factors may be, it is, however, not only the analysis of the implementing organisation that may pose problems. Unforeseen difficulties or unpredictability relating to external factors may also emerge. It has been argued in public planning debates that “*any process of choice will become a process of planning (or strategic choice) if the selection of the current actions is made only after a formulation and comparison of possible solutions over a wider field of decisions relating to certain anticipated as well as current situations*” (Friend and Jessop 1969: 110). If, as has been argued in the SWOT literature, the uncertainty refers to the current situations as well as to the possible consequences of potential strategic choices, the uncertainty in strategic choice is inherent to the process of analysis itself and can only offer the planner conditional alternative solutions. This naturally makes the importance of thoroughly researched and well-founded SWOT analyses all the greater. It may also require making implementation and strategic planning a more inter-woven process, where planning and implementation are considered as part of the same interactive process (on communicative planning see Sotarauta 1996b: 295).

The context question in the strategy *formulation* stage is sometimes seen as secondary to the contextual nature of strategy *implementation*. This means that one should formulate strategies objectively, but the degree to which their implementation can be objective is dependent on the person or organisation implementing the strategy. The fact that the strategy formulation stage (and the SWOT analysis as an intrinsic part of it) is not necessarily undertaken by the same person/persons as the implementation stage is often overlooked. In addition, it is assumed that (business) leaders and executives view strategies as specific or subjective, whilst researchers apply scientific objectivity in their implementation of a strategy (Näsi 1991: 28). The art of implementing a strategy (i.e. deciding on how, and by what means the strategy should be applied) becomes the area in which these two opposites of subjectivity and objectivity meet.

In concrete programming work, however, the question of objectivity versus subjectivity may recede, when the nature of the process becomes more consensus-oriented. In fact the whole methodology of programming work (within the EU framework or any similar framework emphasising partnership) is likely to reflect the need to build a stable consensus (European Commission 1999: 44), which makes the objectivity or subjectivity of the analysis undertaken at best a secondary concern.

1.3 SWOT as part of a learning process

Another important issue to bear in mind when considering the process of strategy formation within programming work is its nature as a *continuous learning process*, i.e. as learning taking place within regions themselves and their institutional structures (see for instance Maskell and Törnqvist 1999). The learning process itself can be analysed as a cycle within which with the four stages of *experiencing*, *reviewing*, *concluding* and *planning* are mutually supportive. A strategic planning process cannot simply consist of undertaking a SWOT analysis and then going on to implement it.

Instead, programming should be seen as a cyclical process consisting of analyses, re-assessments and evaluations, as well as implementation. When programming is grounded in a continuous cycle of assessments and evaluations, the nature of this cycle and the role of different types of learning (and *learners*) within it can give useful insights into the strengths and weaknesses within the programming process itself.

Not only individuals, but also organisations, have different resources, internal capabilities and preferences as far as learning is concerned. One alternative typology for learning styles has been provided by Honey and Mumford, who characterise learning types as *activist*, *reflector*, *theorist* and *pragmatist*. The different types of learners are differently predisposed to participate in the strategy formation process and may also view the process differently, as their personal differences and preferences reflect differences in individual learning cycles, as well as those of a strategic process cycle.

The learning cycles that emerge out of the different stages in strategy formation are likely to require different individual learning capacities, as indicated in the following (Dealtry 1992: 42.).

Table 4. Learning cycles

Elements of People Learning Cycle	Honey and Mumford Characteristics of Learning Styles	Elements of a Strategic Process Cycle
Doing things, having experience	Activist	Implementation
Reflecting on experience	Reflector	Monitoring results
Theorising on experience	Theorist	Conceptual analysis
Preparing to use experience in new situations	Pragmatist	Formulation of strategy

It could be argued that in order for a strategy process to be successful, a balanced combination of these elements should be present in the team in charge of the strategy building. Ideally a team would represent a combination of people who, through the collection of their personal propensities towards a certain part of the learning cycle, together cover all the required elements of a learning cycle, from doing things in the implementation stage to theorising on previous experience. Having a variety of learning types involved in the process avoids typical pitfalls or distortions of the learning cycle (ibid: 108), i.e. concentrating too heavily on any one of the elements, which then leads to a distortion in the learning process. This can happen in a number of ways: by collecting experiences without connecting them to action, leading to analysis paralysis, in which there is plenty of pondering with little action, or by jumping to conclusions as a survival strategy and circumventing the review stage, or even by aiming at quick fixes by over-emphasising the planning stage to the detriment of reviewing and concluding.¹

¹ Typologies such as these may come into play at later stages of analysing the programme documents and the SWOT analyses they contain. At this first pilot stage of the project, however, the degree to which the actual strategy formation process will be analysed is initially limited. If the project develops

As well as viewing the undertaking of a SWOT from the learning perspective, the implementation of the SWOT *as a method* will be central to the evaluation undertaken here. The stages of implementing a SWOT analysis include:

- A scan of the inventory of the programme: the detection of the *major trends* and *problems* likely to affect the future of the territory through a consideration of a number of important socio-demographic, economic, political and physical indicators. The aim here is limited to the attainment of an overall picture illustrating the key issues the community in question will have to face.
- Creation of an inventory of *possible actions*.
- *External analysis of opportunities and threats*: a list of parameters of the environment which are not under the direct control of the public authorities, and which will strongly influence socio-economic development.
- *Internal analysis of strengths and weaknesses*: an inventory of the factors which are at least partly under the control of the public authority, and which may either promote or hinder socio-economic development.
- Classification of *possible actions*.
- Evaluation of a strategy, producing a *portfolio of activities*, containing a set of interventions, some of which link up strengths and opportunities while others try to compensate for weaknesses or to counteract threats. Interventions are to be placed along two axes: internal feasibility, strengths and weaknesses, and external environment, opportunities and threats. (European Commission 1999: 44.)²

The nature of the strategic cycle that emerges within the SWOT itself is not only continuous, but also a deeply path-dependent process, i.e. dependent on previous strategic, political and social choices. Although on a superficial level SWOT seems to be primarily a descriptive exercise, its role as part of the process of strategic and politico-economic decision making within the region in question cannot be overlooked. This is the case despite the fact that on the formal level (as indicated by the European Commission's methodological planning instruments, for instance) analysis tends to emphasise the more descriptive characteristics of the process.

Within the context of the new Structural Funds period (2000-2006) the guidelines for the European Regional Development Fund (ERDF) set certain pre-requisites, which need to be taken into account when programmes are initiated and formed into a (draft) Single Programming Document (SPD). These include the undertaking of a SWOT analysis as stated in the methodological documentation (Vademecum), included in the relevant literature in this study. This includes the analysis, verified in the *ex-ante* evaluation of the strengths and weaknesses, as well as the disparities, gaps and

beyond the pilot phase, such an extension could include a series of interviews with key actors in the strategy formation process, as well as more elaborated modelling of strategy formation within regional development programmes.

² At least on a superficial level the European programmes are mindful of the practical applicability of the measures. In national regional programmes the portfolio of available activities often risks remaining at a strategic, quite un-concrete level. Though it is undoubtedly true that the elaboration of more detailed project outlines and further specified timetables would contribute to bringing the level of activity onto a more concrete level, this is rarely the case in strategy documents.

potential (i.e. threats and opportunities) in terms of the key strategic goals and indicators of the Member State, region(s) or sector(s) concerned. Such descriptive analysis is expected to be in quantified terms (“where it lends itself to quantification”), using statistical data. The consistency of strategy and aims, with regard to specific features of the region(s) or sector(s) concerned is given particular attention. The nature of the data used in the analysis, the extent to which statistical data is in fact utilised, and the extent to which consistency prevails in the outlining of such analysis will be one of the points of interest in the study.

A more formal approach to learning within regional development programming may be required, however, if one wishes to discern the role of both structures and actors within the strategic planning complex. This can be provided by the learning regions approach, which will be introduced in chapter four.

2. SWOT within the context of strategic management

SWOT analysis can hardly be discussed without linking it to the broader prescriptions of strategic management. As Igor Ansoff (1980) postulates, strategic management is to a great extent an exercise of adjusting an organisation's internal behaviour to bring about necessary changes in its interaction with the surrounding environment. Moreover – and this makes Ansoff's ideas particularly useful in this study – he argues for widening the organisational scope of strategic management from enterprises to all organisations fulfilling a criterion derived from his first postulate. He speaks deliberately about *environment-serving organisations*, including both “for-profit” firms and “not-for-profit” agencies (ibid: 8).

Today, as was the case already twenty years ago when Ansoff's book was published, the difference between the two categories has become extremely vague. This challenges the stereotype images of various types of organisations. Giant enterprises *can* be bureaucratic dinosaurs matching any caricature of traditional public administration, whereas units and agencies within the public administrative apparatus *can* show high degrees of efficiency, flexibility and creativity, all emblems willingly attached to private enterprises.

In the era of globalisation the factors that lead to an increasing rate of organisational complexity have changed. In the traditional industrial economy complexity grew typically as a consequence of quantitative growth of the organisation. Higher output was achieved by mobilising more production factors. A more recent phenomenon, more and more relevant to today's organisations, is the cultural dimension (cf. Ghoshal & Bartlett 1998). Both business and public organisations operate in an increasingly multicultural environment and face a need for replacing at least parts of the nationally differentiated decision-making processes with global ones.

In Ansoff's definitions the environment – interpreted as the institutional order surrounding an organisation (Karppi 1996; 1999) – has a particular status. In fact the success of an organisation in arranging its relationship with its environment as a meaningful exchange of inputs and outputs can be seen as an issue that legitimises the organisation's very existence. Thus, deriving a systematic set of principles and methods to arrange the relationship between an organisation's internal processes and its environment is a key task for strategic management.

Even if all notions about convergence of models crossing either national/cultural boundaries or the division lines between different organisational types are highly reasonable, there is one fundamental distinction that makes the difference between private and public organisations rather dramatic. The core of this distinction lies in the organisation's ability to adjust its internal structure to information received from the environment. For private business organisations these adjustments have to be a continuous process, literally a question of life and death, as they are dependent on market relations, most of which are beyond the organisation's immediate control. Instead, and particularly in the assumptions of neo-classical orthodoxy, these relations are a battleground of innumerable economic agents whose open and unconstrained competition produces market equilibrium.

For the sake of necessity, private organisations can thus be taken as generally more adaptable than their public counterparts. Public organisations, in turn, are more constrained by regulations concerning their functions, by the circumstances of their existence and resource bases, and sometimes even annual funding. They are to a great extent dependent on political or administrative relations, most of which are regulated by agencies in the shared administrative apparatus. For them, returns on investment or profitability measured in monetary terms are not the key determinants. Instead, the public organisations' *raison d'être* lies in attempts to bring about (typically) piecemeal changes in guiding social development towards a goal that is partly agreed-upon by political actors and partly shaped by a myriad of individual goals, valuations and ambitions (Karppi 1996).

Thus, it can be maintained that strategic management of a business organisation is to a great extent an issue of arranging its internal adaptation to external changes in order to be able to respond to them in a positive way. For a public organisation, internal adaptation due to impulses from the external environment is of secondary importance, since the organisation as an entity can be seen as an instrument to change that environment. Moreover, a feature particularly typical to the designing of strategies in the field of spatial development is that the actors responsible for planning and implementation do not coincide: the public organisations in charge of the planning processes are seldom the primary actors who actually implement these plans.

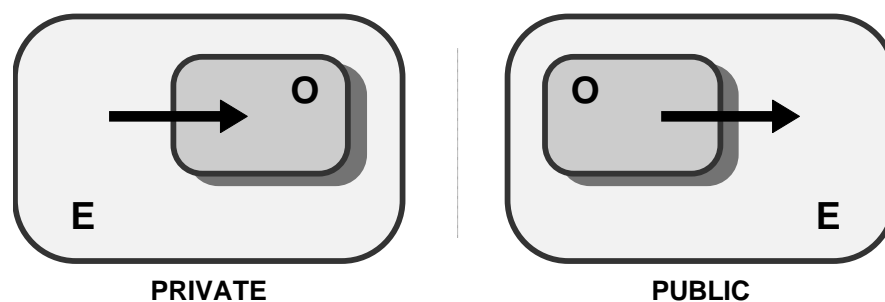


Figure 1. Organisation (O) and its environment (E): different perspectives and orientations

From this it follows that deliberately designed strategies to manage the actor/environment relationship are different in private and public organisations. The same applies to the target group or the *stakeholders* of a given strategy. In private organisations strategies are made for internal use. This is particularly true of technical parts of the strategy, such as analyses concerning the strengths and weaknesses of the enterprise and the opportunities and threats in its environment.

Visions of the position an enterprise in the expected flow of events, which may well overshadow more detailed aspects of its strategy, are often made public as part of its image-building. They may be used for marketing whatever the enterprise produces. The enterprise's strategy used in marketing communication is not even meant to correspond exactly to the strategy developed to serve an organisation's internal decision-making. The term does refer to some generalised proclamation based on the internal strategy and reflecting it, but has been re-shaped and polished to serve primarily as a convincing marketing asset.

This stands in stark contrast to the situation of public organisations. Public agencies frequently find themselves involved in a web of other actors, where they seek to promote the means that are seen as the best instruments to reach some agreed-upon goals (Karppi 1995). The setting of official goals, then, is usually a normative process and an outcome of an ideological campaign, taking place at the highest political levels. The aim of the organisations is to change the state of the environment in the world outside them, but they typically have direct access to only a fraction of the resources needed to bring about that change. Thus, they need the help of other actors, and this means that they need instruments with which to convince these actors and to create spheres of commitment to ensure that their interpretations of the public interest are worth adopting as a commonly shared goal.

Normative goals within SWOT analysis: example of the Swedish *Västerbotten* Growth Agreement

Often it is easiest to agree upon the most general normative goals, whilst less political but highly sensitive re-distributive decisions become problematic. Many of the programming documents include horizontal domains of activity, which are apparently unproblematic in their normative requirements, but can become problematic when articulated into concrete measures requiring funding decisions. For instance, the *Västerbotten* Growth Agreement contains two horizontal domains of activity: ecologically sustainable development and equality, which are intended to permeate all programming work. This political choice is supported by the SWOT analysis, which implies the degree of centrality of the themes and the rationale behind their identification as strategic areas within the region in question. Many of the strengths (natural resources, environmental values) and weaknesses (out-migration, especially among young women, demographical and economic imbalances) are indeed connected to these two themes. Thus the SWOT analysis may also support certain more politically oriented choices in programming work.

The extension of SWOT analysis into the area of the programming process and the institutional and organisational structures playing a key role within it often leaves room for improvement. In fact, in the *Västerbotten* programme the outlining of the equality theme within the programme is put in quite strong terms, emphasising that work within the area of equality promotion is intended to “make visible the gender-based power structures, i.e. men’s relative dominant position and women’s relative subordination within the system”. It is argued that in order to change the gender-based power structures within the region, a thorough analysis of the conditions, needs and interests of both sexes need to be undertaken. An introduction of a particular “*Västerbotten*-model” of mainstreaming is included in the programme. It is also argued that the level of knowledge and consciousness about gender-perspective in decision-making needs to be augmented, in order to see how men and women are influenced by strategic decision-making within the county. The consideration of the equality dimension (as well as environmental sustainability) is included in the standard project evaluation. Whether this political commitment transcends the normative level of programming into the sphere of concrete activities remains an issue for the evaluation process.

The problem obviously is that in strategic planning situations there are numerous public agencies each facing the same challenges, resulting in a tug-of-war for scarce resources, on the one hand, and the need to have other actors' accept one's preferred priorities as the basis for pooling those scarce resources, on the other. An obvious consequence of such a setting is a beggar-thy-neighbour type of situation in which the limitedness of resources should be mutually alleviated. As this situation is applied to a multi-organisation setting, it becomes presupposed that the generally inadequate resources are and even *should* be rotated from one project to another, or from one activity to another. This does not naturally bring any increase in the total amount of disposable resources, but may facilitate the utilisation of inter-organisational synergies.

In this pursuit of external resources and spheres of commitment – both of which enhance the given organisation's possibilities to successfully reach its goals – proclaimed strategies and the entire programming of the organisation's activities is of vital importance. Through them the institutional environment, i.e. the surrounding organisations, is instructed as to what the organisation regards as its most important tasks and provided with a means to relate the organisation's observed behaviour (a variable) to this pre-set yardstick (a constant). This also gives the surrounding organisations an opportunity to judge the *credibility* of the proclaimed strategy, as well as the credibility of the organisation having designed it.

In this instance there is another vital element to be taken into account in assessing dissimilarities between the strategies designed by private and public actors: the time limit. It is understandable that, as strategies are meant to serve as constants or yardsticks, they have to be designed for lengthy time periods. Otherwise they would not have any particular role to play in connecting the organisation's normative value framework to its day-to-day situation management. For private enterprises a lengthy time period means a time-span during which the key fundamentals of the external environment that affect their operations remain largely unchanged. Major changes in these fundamentals call for a renewal of the strategy, regardless of their frequency. Moreover, the ways in which the changes are recorded and acted upon vary from industry to industry and even from enterprise to enterprise.

For public authorities the lengthy time span for which strategies are developed is a pre-set programming period, such as those of the EU Community regional policy. The most notable exceptions among public programmatic instruments are government programmes, which naturally are dependent on the governments' ability to stay in power. However, it is not uncommon in the Nordic countries that a government's lifespan corresponds to the entire period between parliamentary elections, the rule rather than the exception in Finland and Sweden. Thus, the duration or formal validity of a public strategy is determined by the internal structure of the administrative apparatus. The two major differences are summarised in Figure 2.

DURATION OF THE STRATEGY	ACCESS TO THE STRATEGY	
	Strictly limited	Generally open
Definite time period		Strategies made by public bodies
As deemed relevant	Strategies made by private enterprises	

Figure 2. Major differences between strategies designed by private and public actors

Strategies outlined by public actors can only to a limited extent be regarded as an image of the objective state of affairs. It can even be postulated that they are *not* recorded and analysed primarily to give the organisation as accurate direction as possible for its own restructuring in order to meet the challenges imposed by the external environment. In many cases it is not even in the hands of the organisation to decide upon its internal redesign. Thus, one of the key aspects attached to an organisation's strategy process does not apply in the case of public actors.

STRATEGIC PLANNING WITHIN THE PUBLIC SPHERE: A QUESTION OF EFFICIENCY AND DEMOCRACY

There are obvious examples of cases where public planning and strategy formation is undertaken within an environment undergoing administrative reform and thus reflecting simultaneous organisational and institutional pressures. One current example is the Norwegian case. After the publication of the recent report by the Division of Responsibilities Commission, questions regarding the division of public administrative responsibilities remain to be settled by the government (with a White Paper presented to the parliament in the spring of 2001).³

It was argued by the Commission that the reform process should respect principles such as subsidiarity and accountability, i.e. on the one hand assigning responsibility to the lowest possible administrative level and, on the other hand, ensuring that responsibilities demanding local political value judgements should rest with popularly elected bodies. Regional planning in its strategic and politicised guise is a task requiring value judgements and therefore within the ambit of a democratically accountable regional level.

The final decision on the division of tasks remains to be made. Based on the findings of the Commission it seems clear that there are strong arguments in favour of keeping the popularly elected regional level. Regional planning seems to be one of the issues, which benefit from the existence of a democratically accountable regional level.

³ The task of the Commission was to provide an overview of the division of labour between the state, regional and local level. It was also to evaluate the current system, paying special attention to the counties as an administrative level, and to the relations between the national state administration at regional level and the County Councils. A third task was to evaluate the number of administrative levels and to propose an alternative model without the County Councils. Report NOU 2000:22 'Om oppgavefordelingen mellom stat, region og kommune is available at <http://odin.dep.no/krd/norsk/publ/utredninger>. For the key conclusions of the report see Aalbu 2000.

If public strategies are so profoundly constrained by elements not included in the basics of strategic thinking and working methods, it remains to be asked what public strategies, made despite these limitations, actually represent. It could be claimed that they are first of all *political artefacts*. As was suggested above, they are made with the deliberate purpose of affecting the behaviour of other actors, to make them work according to the strategy's prescriptions. As such, the strategy does not need to correspond with reality as it is but as it ideally *should be*. Whilst strategies designed by public bodies are easily available to wider publics, these audiences should not take them as mirrors of reality. They must be read with utmost caution, by relating them to the institutional context in which they have been written. This institutional context must include at least the following aspects:

- The formal task of the organisation.
- The formal position of the organisation in administration.
- The normative framework regulating the organisation as a strategy-making actor.
- The informal position of the organisation among its stakeholders.

Further context information needed by the reader of public strategy documents has to do with the environment for the strategy's planned implementation. This information is related to the socio-economic aspects of the community for which the strategy has been made. As the administration typically has a territorial dimension, strategies are typically made to encompass some territorial entity. Thus the reader should be familiar with the major features of the latter, in order to assess the accuracy of the analysis in its proper spatial context. A standard formula adopted in the designing of public strategies is to include a description – or an *interpretation* – of all these aspects in the strategy document itself.

However, there is a problem typical to most strategies made by public organisations, the root cause of which lies in their “inverse use” (cf. Fig 1) of their organisation/environment analysis as compared to the underlying assumptions of mainstream strategic management thinking and models derived thereof. The designers of a strategy for a public organisation can afford to be much more selective in their description of the state of the environment as compared to their strategy-designing colleagues in an enterprise. They can highlight aspects that are deemed vital with regard to the organisation's mission and downplay those that are not – irrespective of their “absolute” importance – or even their relative importance to each other for that matter.

All this is fully understandable. If an organisation seeks to change the environment, and needs the involvement and commitment of others (or material resources and political will as the two elements needed to implement the strategy) to do so, its interpretation of “what really is at stake” must compete with those of other actors. It has to show that what it wants from the future is what the others should want as well. The game of convincing the other actors within one's environment is ready to start, as quite a few other public actors involved in developmental tasks within the same territorial settings also seek support for their particular vision of the territorial unit's future and the paths leading to it.

Therefore, in analysing public developmental programmes and the strategic instruments they encompass, all these limitations should be taken into account. The outcomes of the public programming processes are strategies, at least in a broad sense of the word, and are used *de facto* as such. However, they tend to be strategies that may have few things in common with what is referred to as a strategy in strategic management literature. This is valid also with regard to technical but still highly important parts of strategy documents, such as the SWOT analysis.

The table below compares and contrasts the key characteristics of public and private sphere SWOT analyses. It should however be emphasised that these are simplifications or *ideal types* of strategy formation. As was argued earlier, traditionally distinctive borderlines between public and private organisations have gradually become more blurred. Public organisations are now expected to aim at traditional private sector goals such as economic efficiency and growth, whilst private sector organisations are increasingly being faced by some of the traditional public sector politico-normative concerns (openness, accountability, ethical standards).

Table 5. Strategic planning in the public and private spheres: the central features

PUBLIC	PRIVATE
Culturally determined, environment-securing (à la Ansoff)	Culturally determined, environment-securing (à la Ansoff)
Constrained by regulatory and fiscal resource bases	Adaptable
High dependence on political and administrative relations	Low dependence on political and administrative relations
Predominance of politically determined goals	Predominance of economic profitability-oriented goals
Internal adaptation of secondary importance	Strategic management aiming at adapting to external changes through internal adaptation
Strategies mainly for external use	Strategies mainly for internal use
Strategies viewed as a tool for normative and political goal-setting	Strategies viewed as a tool for economic goal-setting
Parts of strategy used as a tool of image-building	Parts of strategy used as a tool of image-building
Open access to strategies	Limited access to strategies
Strategy formation in wide partnership	Strategy formation in a limited partnership
Stakeholders difficult to discern	Stakeholders easily discernible
Political construction of a strategy	Technical construction of a strategy
Formulation and implementation structures not necessarily convergent	Formulation and implementation structures convergent

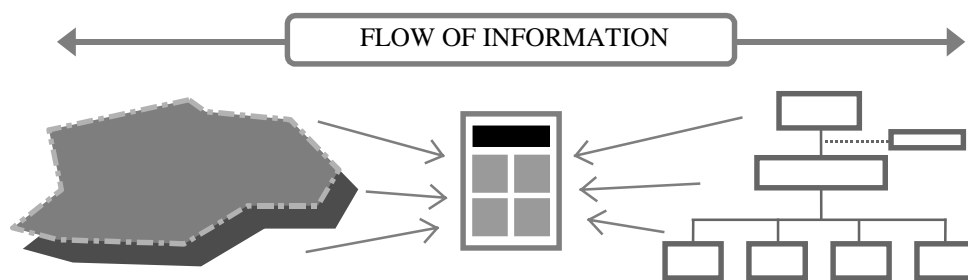
3 The basic model: SWOT as an intermediary between external and internal factors

The importance of the SWOT in the planning, programming and strategic management processes is that it is an intermediary in many senses of the word. There are two major dimensions to this intermediary role. So far we have principally discussed the horizontal dimension of strategic management. Here the organisation is in a position more-or-less equal to others in its institutional environment, in the “contested space” of other organisations (Karppi 1996, 1999; Zucker 1983). Seen from this perspective, the analytical tools of the strategy or programme document – and particularly the SWOT – serve as a “gatekeeper” between the external environment and the internal structure of the programming/strategy-making organisation (cf. Figure 3).

3.1 SWOT analysis’s gatekeeper functions: information flow within complex organisations

Such a gatekeeper function makes particular requirements of the SWOT analysis. In the first place, it has to help to manage relevant information that is to be collected from two directions, both from the programming organisation itself and its environment. To know which pieces of the vast quantity of environment-related information are most relevant for the organisation requires a presupposition of the organisation’s fundamental interests, usually stated as its mission. Based on this knowledge, important pieces can be selected and defined as something that either facilitates (“opportunities”) or hampers (“threats”) the organisation in pursuing its mission, whilst having an impact on its environment as a consequence. This could also be called a *two-way filtering* function of the SWOT: although it is not part of the analysis itself it is a necessary condition using it efficiently in the programming process.

Figure 3. SWOT as a gatekeeper filtering the relevant information



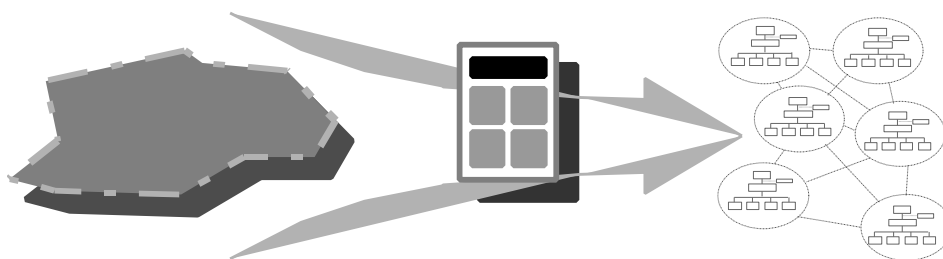
As long as we limit discussion to clearly defined organisations, analysing their future development and due managerial challenges through the assessed changes in their environment, the situation is quite unproblematic. The “model” has two exclusive categories: what is “organisation” is not the “environment” and vice versa. The organisation is aware of its boundary (Williamson 1985), setting the limits to its definite budgetary control, as well as its direct and immediate authoritative grip. But as we abandon the simple organisation/environment setting and replace one organisation with a network of organisations or, to complicate the model even more,

with an open-ended set of stakeholders, we seem to run into serious problems. Now the boundary between organisation and environment becomes necessarily blurred. In some instance a given actor may be part of the implementation organisation; in other instances it clearly is a part of the environment. It can be particularly difficult to avoid problems of indistinct boundaries in a situation where inter-organisational projects criss-cross the effective boundaries of what may be in themselves well-defined organisations.

Nowhere, it can be maintained, is this so obvious as in the field of processes related to regional development. The reasons to this are also obvious: small budgets, shared financial burdens among various actors (both public and private), and actors with overlapping responsibilities and/or administrative territories. Yet, it is due to these very factors that regional development has been made a deliberately *programmed* process, utilising one of the most typical tools of strategic planning and management, the SWOT. There is, we argue, a major contradiction here.

To elaborate the contradiction we need to return to the organisation/environment scheme, replacing the single organisation with a network of organisations. The setting grows much more complicated (cf. *Figure 4*). If we start with the information flows from the environment through the analysis to the internal structure of the programming organisation, we soon find that there is no single organisation that that would be in charge of adapting its internal structure to the pressures from the environment. In addition, there is no single organisation whose internal structural adjustments would suffice in turning weaknesses to strengths or combatting the looming threats by utilising the overwhelming opportunities. Instead, there is a web of actors, each of which is supposed to do its share in the joint endeavour of developing the region.

Figure 4. Environment-related information channelled to the web of actors



This multitude of actors has a major effect on the programming process. We may assume that there will always be one key organisation, which will for the sake of simplicity be called the regional development authority (RDA), putting together the physical document, the programme. This is produced in co-operation with other actors, both regional administrative (sector) authorities (RAA) and regional stakeholder groups (RSG). Together these actors form a regional programming and development partnership.

The whole programme, as well as its analytical parts, is necessarily a crude compromise. The various members of a partnership read the developmental trends of

the environment in question quite differently. Most of the development measures, such as the creation of new enterprises or changes in the jobs available, or physical industrial output, do have unequivocal quantitative interpretation. However, the different actors read and assess these developments through the lenses of their own missions and strategies. What is more important is that in the next stage these actors bring the outcomes of these separate assessments to the common programming discussions, proposing that they should be recorded as the “region’s” shared opinion of what the observed trends actually are.

As this happens with quite a few actors in the programming and development partnership, it should be no surprise that there is little possibility of the outcome to be anything but a compromise. None of the actors has the resources to force his or her position to become the common analysis. Even if some of them – such as a strong regional representative of sector administration – did possess such resources, they would have to depend on other actors in the implementation phase. This becomes particularly obvious, as was already touched upon in Chapter 1.1, when we interpret the modern governance structure as a steering mechanism. Making one’s own favoured means of pursuing agreed-upon developmental goals as appealing as possible for the other actors (who actually implement the programme) is naturally much more challenging than a normative setting of detailed goals and the subsequent allocation of resources to actors, whose task it is to reach these defined goals.

What this means in practice is that not every programme, strategy or plan will be able to attract sufficient policy interest to be implemented, even if it is backed up with substantial budgetary means. It is obvious, however, that in many of the cases analysed within the project the identification of possible actions seems to reflect a strong dependence on external support systems. This may be seen as a natural consequence of the extensive development of a European regional development complex shaped by funding structures. A more internally determined development strategy could however be more in line with the aim of pursuing a strategy based on endogenous dynamism and therefore more strongly grounded in the internal factors contributing to development. In addition to the high degree of external dependence in terms of financing, implementation is also dependent on other actors’ decision-making and their assessment of both the potential benefits and required costs (time needed for implementation planning, management of a new project and eventual staffing, not to mention the own budgetary share). This requires that the relevance of the proposed exercise be taken into critical consideration. Thus we come to the question of which actor can take the initiative of assuming the responsibility for implementation of the programme to a degree that can make the difference in terms of developing its surrounding region.

Actors who originally participated in the programming of the joint development process bear the lion’s share of the developmental responsibility. If no single actor can exclusively determine the developmental goals in this process, the same certainly holds true for implementation. This is where the regional stakeholder groups grow in importance.

From the viewpoint of rational planning there is an obvious paradox here. Considerable inputs are needed to facilitate the cumbersome process resulting in the finished programme. All the theoretical flaws and structural weaknesses discussed

above have been tackled at least to the extent that a programming document has been written, equipped with a strategic analysis leading to the major developmental guidelines for a definite period of time. But the key question remains: who is to act according to these guidelines?

3.2 Confidence-building in an ostensibly utilitarian setting

Clearly, although the strategy - and the analysis as its integral part - is meant to be *everyone's* (i.e. the regional community's) shared strategy, it hardly has the potential to become *anyone's* (i.e. the individual RAAs' or RSG-members') individual strategy, due to the sheer lack of financial resources. The best that can be reached in the divided responsibility setting is that the region's strategy will provide the necessary tools for the RAAs and the RSG-members to design their own strategies as regional developers¹ accommodating both their own and their shared visions as set forth in the programme. This function of the programming document can be called *confidence creation* or *confidence building*.

Theoretically the major function of confidence building is to turn a non-co-operative decision-making setting to a pro-co-operative one. The methodological individualism underlying neo-classical economic thinking is generally in favour of non-co-operative solutions, whereby it is assumed that each actor aims at maximising his or her own utility. Any co-operation which does take place is seen to emerge as a "higher order of individual utility maximisation", which also explains the existence of *organisations* as bundles of diverse interests. *Actor networks*, in turn, become created, as the actors seek to widen the sphere of single decision-making system without increasing its internal complexity through widening the own organisational structure. Even the networks as expressions of one shared mission can thus be given an individualistic interpretation.

Due to the prescriptions of methodological individualism, co-operation among *parallel* actors, organisations or networks can easily be discarded as an exception rather than a rule of human interaction. Refraining from co-operation emerges as the prevailing model if an actor assesses that this line of action either maximises his or her own utility or at least minimises the losses he or she otherwise would have to suffer. At least this is how the utilitarian "each man for himself" teaching goes, providing the individualist ideology with its necessary philosophical grounds. Its weaknesses – given the fact that systems of co-operation *can* be found on every imaginable scale of living organisms, and that they have already been transferred to man-made systems such as community robots – are elegantly portrayed in game theoretical forms in further elaboration of the famous *prisoner's dilemma* model (cf. e.g. Axelrod 1984; McKenna 1986).

3.3 From individualist utilitarianism towards more co-operative strategies

The individualistic explanation *may* be valid in situations in which actors meet with each other sporadically, do not know each other, and have to make their decisions on

¹ It is to be noted here that an organisation may have multiple roles, and that even though an enterprise must concentrate on its core competencies and make the bulk of strategic decisions based on this fact, it also may be highly profitable for it to engage in activities that affect the development of its immediate operation environment and thus aim at (pro-)active stakeholdership in issues related to development of its surrounding region.

whether or not to co-operate in isolation. Even in such cases it hardly amounts to a non-co-operative *strategy*, deliberately aimed against another actor. Rather a presumably utility-maximising non-co-operative measure is chosen as a distorted *maximin* choice, as a “just-in-case strategy”, to minimise the probability of significant losses in the absence of sufficient information concerning the decision of the counterpart.

This is, however, exactly the opposite of the typical situation among designers and implementers of regional strategies. These actors are systematically brought together, typically by the RDA, to discuss the challenges of the region’s development. They know each other well, both on the personal level and as representatives of institutions with their own rules and regulations. Finally – and this is elementary given the prescriptions of the game theoretical grounds for non-co-operative settings – they do not operate in isolation, but are actively disseminating information regarding their interests, aspirations and needs to their environment. In the case of actors participating in regional development processes, the most acute challenge facing the probability of co-operative action is thus not the isolation of decision-makers holding their share of the divided responsibility of a region’s development. Instead, the most challenging issues hover around the concepts of *confidence and trust* among the RAAs and members of the RSGs.

Programme-based development takes place in an environment largely different from a typical zero-sum game setting. A divided responsibility setting is instead marked by co-ordinating of concerted or *complementary* actions of individual organisations, which become efficient only when combined with other similar actions. The programme document is most of all a tool to manage these complementary actions. Ideally, it may provide the RAAs, and particularly the RSG members, with their own administrative practices and normative planning, programming and budgeting procedures, which will enable them to trust that the measures sketched in the programme will reach their implementation stage, even if there are no clearly defined actors to bear the sole responsibility for implementation.

This is no minor consideration. Both RAAs and RSG members are important proponents of the programme as the RDA creates a network organisation as a kind of web of actors, similar to the organisation found on the right side of Figure 3 above and interpreted as the implementation structure. Because the implementation structure will inevitably consist of actors with highly differing perspectives on the goals and final provisions of the programme itself, the role of the technical and analytical parts of the programming document become particularly important. The implementation plan is one of the key technical parts, helping actors to answer to the obvious questions “what is going to be done, and by whom”. Yet, it can be argued, what may be even more important is the SWOT analysis embedded in the programming document.

This claim can be supported by the fact that most of the actors have little to do with the actual implementation of a development programme, even if the actual decisions taken based on it have an important impact on them. These actors include, among others, large enterprises in the competitive sectors of the economy as well as units of sector-based administration, which have no direct role in the region’s development process. Such enterprises may, however, be the most important private sector

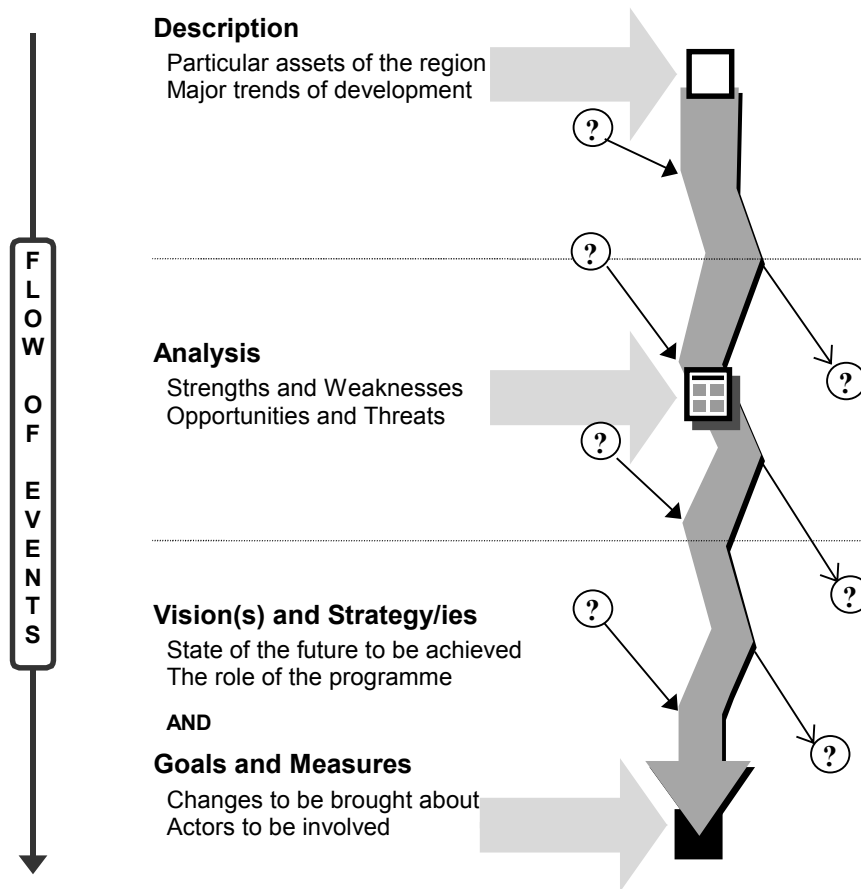
employers of the region in question. The public actors may also include, for instance, regional or district units of railway or other infrastructure administration with their own national structures, which may be partly parallel, partly overlapping with those of the regional development administration.

Owing to their economic importance, such organisations should be co-opted, at least on the fringes of the RSGs. They may not find a clear role in the programming stage, and their own operations may be so gigantic that the programme's entire implementation scheme would stand for a mere fraction of them. Yet this does not mean that these organisations would not be interested in the information produced in the programming phase. While their perspectives are inevitably different, particularly for the "non-RSGs" the SWOT may constitute a window for looking at the way the strategy makers – actors that they may well meet as stakeholders on fora dealing with other issues than those explicitly labelled *regional development processes* – analyse the terms of the region's development, both its constraints and particular assets.

This knowledge can actually be very highly valued by actors such as the region's key employers and value-adding enterprises. However, in order to receive such an acclaim, the programming document must provide its readers with a skilfully processed and analytical review of the leading trends in the social development of the enterprises' immediate environment. This may also be something the enterprises might well find worth taking part in as a part of their own intermediate/long-range manpower and investment scenarios. This adds a new customer- or stakeholder-centred perspective to the elements of a programme. In order to have such an external relevance its analytical parts must be precise enough so that the entire programme document actually *is* given a possibility to encompass the most elementary and even foreseeable but emergent trends it professes to. Moreover, they have to be logical enough to form a clear continuum – moving from the description of a region in question, its past developments and socio-economic structure to its organisational and institutional capacities - and facilitate the explication of the vision and a strategy with due goals and measures that need to be taken. It could thus be maintained that the SWOT analysis is a culmination point in the logical, or even *narrative*, structure of the programming document.

This being said, it is possible to define a set of particular "domains" a programming document may be supposed to consist of. They have particular temporal reference points with regard to the programming process and follow each other chronologically. The first stage refers to past development and is the descriptive assessment of the region's trends. The present stage of the document and the entire programming process can best be read from the analysis, which should also link historically accumulated strengths and weaknesses to opportunities and threats concerning future developments. Finally, the visions and strategies as well as the goals and measures portrayed in the document must be clearly based on the future. From the viewpoint of the SWOT as the core of the analytical text, the descriptive part represents a backward linkage, whereas the visions, strategies, goals and measures represent a forward linkage. As this terminology indicates, the logical structure of the programming document is treated here as a vertical dimension of which the analysis is a part.

Figure 5. Vertical domains and flows in the logical structure of a programme



In speaking of the logical consistence of a document we implicitly assume that the programming process is a rational one with a previous domain leading to the next. This is not necessarily the case, however. As has been illustrated in Fig. 6, new elements can enter into the logical structure at practically any stage. The same holds true for issues that were included in the preceding domains but have disappeared without a trace in succeeding ones. An obvious quality criteria for a well designed programming document is that such in- and outflows be kept to a minimum, and that the rationalist undertone essential to the (classical) strategy process is used as a technical guideline for compiling or *designing* the strategy document in itself.

As noted above, the very rationality of the process can, however, be questioned. What has been postulated of the artefact-nature of the programming and strategy making as a political process holds very much true also for the act of *designing* a programming document. That issues dealt with in the document disappear and new ones emerge can be both accidental and deliberate, and that such things happen must be seen as a part of the writing and re-writing process which takes place as the document is being developed. It would not even be fair to expect that someone should be able to write a perfect document with an one-session attempt, starting from the description, struggling through the strategy apparatus and tying all loose ends by spelling out the measures – and doing all this in a way that encompasses the diversity of actors having a stake in the development game.

Instead, all parts of the programming document go through multiple rounds of informal commenting and formal assessment. This means that an increasing number of aspects are added to it. The text changes, gradually overlapping with issues of interest to an increasingly diversified stakeholder group, and encompassing ever-larger parts of a region's development. Simultaneously, however, it also begins to lose something of its initial edge. The internal logic of the programming document is being put to a test.

3.4 The limits of the evolutionary model

To summarise the viewpoints raised in the previous section, it can be maintained that the SWOT analysis, as the core of the analytical part of a programming document, stands at the crossroads of the two dimensions discussed above. The setting is illustrated in Fig. 7, a synthesis of Figs. 3-5 and 6. These dimensions have provided the main pathways for approaching the SWOT analyses in the scrutinised programmes. As the programming document is considered as both a political tool and a means to gather the elements agreed upon into a logical and convincing package, the main attention has been directed to the consistency of that package. It should obviously serve as an optimally designed tool that elaborates the relationship between the region's projected development and the actors influencing processes relevant to it.

Standard of consistency: example case of *Blekinge County Growth Agreement*

In assessing the standard of consistency of the programmes, one can cite the case of *Blekinge County Growth Agreement* for instance, in which consistency between the SWOT and the activities and measures derived from it makes for a well functioning programme. The nature of the programming document as a political tool becomes obvious through the strategic choices in its framework, but this does not necessarily interfere with the consistency of the document. As is to be expected, SWOT analyses are followed by corresponding concrete measures to be undertaken, which are in turn divided into four focus areas, i.e. the geographical focus = the Baltic perspective; the focus of activity = areas in which measures are to be taken, actors to be involved in them, driving forces, relevant economic infrastructures; the information focus = knowledge, competence and IT; and the ecological focus = forms of developing and supporting ecologically sustainable society. As the overarching policy aim is economic growth, areas of activity reflect this by their concentration on business and enterprise development, access to knowledge and information technology, resource centres for growth; technology transfers; tourism and culture: as well as forms of environmentally adjusted production and recycling. The focus thus is on the pursuit of economic growth through suitable political sub-objectives, but the themes of the SWOT are reflected in the actual content of the programme and hence do not remain in the sphere of rhetoric alone.

One elementary question here has to do with the overall quality of the programming document and its components. But how well designed is an "optimally well designed" tool: can we already at this point identify some particular criteria to be applied while searching for an answer to that question?

Our work hypothesis here has been evolutionary. In order to be optimally well designed a tool must be as good as possible, given the prevailing prerequisites. As the operational environment is a political one, the prerequisites as critical quality constraints are negotiated and agreed upon by the actors facilitating the programming process itself. From this it follows that a document made public as a (1) programmatic

proclamation of the (2) developmental aspirations in a (3) given environment, is almost by definition the best possible in an imperfect world. After all the bargaining, fine-tuning and institutional questions of prestige involved in processing the entire document, it is difficult to maintain that it or its parts actually *could* have come out of the process designed better than they did. Unfortunately though, this does not provide any answer to another highly relevant question: if the *best possible* (read: acceptable) programme with its in-built components is *technically good* at all.

Thus our evolutionary perspective turns out to be extremely pragmatic as well. To put it simply, any programming document that is to be taken into use as one must be considered as optimally designed. As suggested above, the entire setting can be questioned. The “evolutionarily pragmatic” quality criteria of ours do not however suffice if the programming process is assessed as a purely technical exercise. This implies that strategic work needs to be sensitive both to technical considerations and the social context with all that it entails.

3.5 Towards an ideal type?

A deliberate assumption of this study has been that strategies are made in a perfect world in which absolute criteria for an optimal plan can be set. In such a situation, technical criteria for an optimum SWOT can be defined, and the quality of a given strategy assessed by "deducting" the difference between these criteria and the actual programmes.

One of the qualitative features to be set in a programming document is its consistence. Here the SWOT analysis is of particular importance. It arranges in logical entities the themes presented in the descriptive part: the overall programme environment, the more specific situation in/for which the strategy is to be made, and the actual organisational context within which the strategy process takes place.

Consistence and coherence (the internal and external balance of the analysis, strategy, goals and actions) of a programming document as well as of the SWOT that forms an important part of it, are basic requirements, ‘sine qua non’ characteristics to be met in any strategic work, independent of the technical form chosen for its implementation. There are alternative ways to technically compile the SWOT matrix and arrange the topics dealt with in it. Regardless of the method applied, SWOT is to be seen not only as a valuable tool but also a critical stage for interpreting the trends made visible in the description. In the programming process these interpretations will be turned into strategic arguments, priorities and measures.

The first set of quality criteria begins at the level of generality applied in designing the SWOT table. There are no simple rules of thumb saying exactly *how focused* or *how general* a SWOT should be in its approach – or whether the programme in question should have several analyses, targeted to match the detailed priorities and measures, instead of one, essentially more generic one. Both methods *can* lead to good outcomes, depending on the actual situation and the way the chosen methods are used. A comprehensive analysis is a safe choice on two closely interlinked grounds:

- logical flaws and contradictory statements are easier to avoid if all assessments are included in one fourfold table instead of several ones; and

- overall developments, dealt with in the single general assessment, provide a common ground for all stakeholders to process their points of view.

On the other hand a system of partitioned analysis with closely targeted focal areas can be very efficient in practice. To function optimally it, however, presupposes that the linkages between the partial analyses are maintained. Positions of interlinked key parameters affecting all the partial analyses should be established prior to any subsequent steps in the analyses are being taken. If those in charge of one or another of the partial analyses want to change these positions, this must be:

- duly agreed upon with those in charge of the other analyses, and
- updated to keep the entire system consistent.

It is obvious that a system with several partial analyses requires a great deal of communication and adjusting. Thus it can be argued that the use of partial analyses serves best as a recommendable solution in programming processes which are already – by the nature of the subject of the programming – focused and built on a firmly shared *a priori* vision with strong principal positions subsumed from it. Such a state of mind has been frequently called strategic consciousness, preceding the actual process of making the strategy in a programme format.

Another requirement – which actually is the other side of the previous argument – is that all stakeholders involved in the process should be able to feel that they can truly commit themselves and their respective organisations to the key parameters and the duly derived positions. Here the strategic consciousness referred to above is of key importance, creating an affirmative atmosphere helping the various stakeholders to close ranks in the face of a shared task.

The third requirement, partly derivable from the previous arguments, favours the use of partial analyses in programming processes with *only a handful of key actors* with vested interests involved in designing of *all* the paralleling partial analyses. This argument holds true for the actor set-up of basically all co-operation processes.

The *paradox* of the entire line of argumentation lies in its basic reasoning about best use of several partial analyses instead of a single generic one. Based on the arguments above it indeed appears as if such a method should be institutionally most feasible in highly focused processes and very limited actor set-ups. But if the scope of the programming process is relatively one-dimensional and if only a limited group of actors is involved, why break the analysis to its smaller elements and why have the strategy makers dissipate their energies into the writing of several paralleling analyses? At first sight such characteristics should point at a setting favouring the handling of the entire package of analyses as one single entity, which would mean that the logical outcome of the reasoning would lead to favouring one generic SWOT analysis instead of several thematic ones.

Furthermore, a regional program SWOT is to take into account the territorial structure of the target area. In general SWOT should concentrate on issues that are common to the whole region, but in large and diversified regions it may be necessary to look also at sub-regional characteristics.

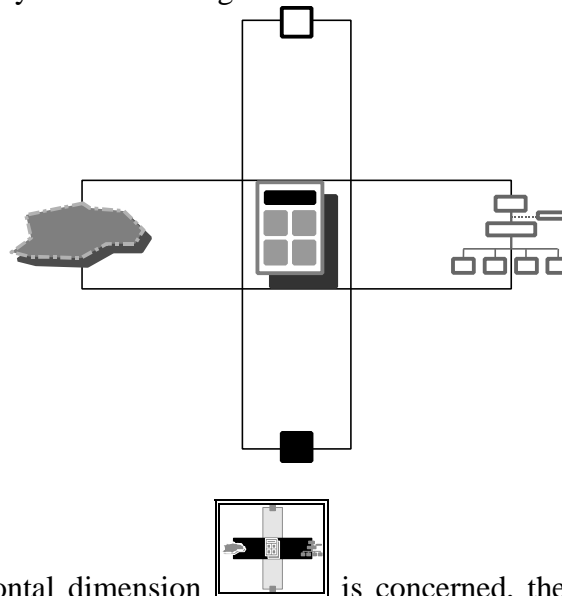
Another set of quality criteria can be based on the way the commentary discussion that follows the SWOT table is organised. Every now and then one still finds programming documents in which these tables collect the descriptions under the four standard headings (*Strengths, Weaknesses etc.*) without any substantial assessment of the mutual linkages of the various aspects recorded in the table, their propensities to the question if some of them are prerequisites or hindrances to some others. As an example, such an assessment could deal with the path-dependence issue referred to earlier by posing questions as to:

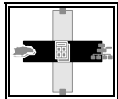
- how the identified threats are prevented from turning into future weaknesses; or
- how opportunities could be turned into future strengths.

The basic rule while assessing the quality of this discussion is, to what extent does it help to process (i.e. collect and target) the themes compiled in the SWOT table(s) towards a balanced and feasible strategy document, with identifiable goals and means by which these goals can be achieved.

The ideal type of a SWOT analysis and the way it can be assessed here contains two dimensions: horizontal and vertical. They have to do with the two key perspectives that can be identified as the “logical correspondence” (the horizontal dimension) and the “logical consistence” (the vertical dimension) of the analysis and the entire programme framework. In a graphic form they can be illustrated as the combination of the elements discussed earlier:

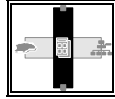
Figure 6. SWOT analysis in a crossing between the two dimensions



As far as the horizontal dimension  is concerned, the key task to study is whether the explicated goals are assigned to actors, or combinations of actors, which have adequate resources or the necessary institutional capacity to have an impact in reaching the goal. It is important to assess the degree to which the opportunities and threats defined in the SWOT matrix correspond to empirically defined phenomena in the world surrounding the implementation organisation. This correspondence should be found in the description of the programme’s operation environment.

Moreover, it must be assessed whether the opportunities and threats that have been included in the SWOT analysis do in fact correspond with the strengths and

weaknesses of the programme implementation structure. This correspondence should be found through the assessment of the actors that are responsible for monitoring and in some cases carrying out the implementation phases. Yet another important issue is the assessment of whether the strategy and the measures identify a set of alternative means to avoid risks brought about by the external threats.



As far as the vertical dimension is concerned, the key task is to study the logical set-up of the programming document. Among the issues under consideration is the causality of the external opportunities and threats, on the one hand, and the internal targets of the programme as facilitated by the strengths and weaknesses of the implementation structure on the other. As was noted above, the key components of the SWOT need to be derived from the external environment. However, they also need to pay heed to the logical consequences of the measures those implementing the programme should take to either counteract or support/strengthen the assessed organisational environment.

The assessment of logical consistency also allows us to identify how (or whether!) the priorities and measures defined in the programme are linked to the analysis and, moreover, to the external factors that the entire programme has been designed to accommodate. In sum, the ideal type of a programme is one in which the utilisation of opportunities provided by the environment has been taken into account, while simultaneously the programme facilitates the neutralisation of estimated/expected threats. In both of these instances the SWOT plays an essential role.

4 Evaluation of the learning potential of SWOT analysis in the Nordic regional planning documents

When we speak of learning regions we must set some restrictions on the use of the term *learning*. This is particularly true when we discuss SWOT analyses as instruments that facilitate the complex process of learning.

As an individual process, learning is connected to the widening of a person's experiences and thus his or her consciousness. But learning also exists and can be observed on various systemic levels, from rather primitive biological mechanisms to large transnational bodies (cf. Axelrod 1984). The factors common to all these systems are (1) transmission of information, an event that for the sake of simplicity can be called communication, and (2) a systemic setting of at least two actors that send, receive and process that information. Learning, then, is what underlies the evolution of a system's functioning. However, in many cases *learning itself*, seen from a systemic perspective, is a black box.

The question of which actors and which processes are involved when a region is said to "learn" thus inevitably arises. In the institutional context of regional development it is easiest to assume that the actors involved in the learning are the various stakeholders of the development process, and that the region learns as the stakeholders, typically organisations and their individual members, learn.

After having established the basic nature of learning within the regional planning complex, we need to address the question of what is gained by such learning processes. If we are willing to accept the assumptions of the learning regions approach, we need to ask whether SWOT as a strategic instrument is able to support learning and thus local/regional competitive advantage.

According to learning regions philosophy (e.g. Maskell 2000), most localised inputs have gradually been converted into ubiquities in the global economy, making input equally accessible at approximately same cost to all firms regardless of location. Thus competitive advantage has become much more difficult to achieve, as what everyone has cannot constitute a competitive advantage. Thus regions/localised environments need to seek inputs that are valuable and rare, not accessible or not available to all. One such input is *social capital*.

Even though investigating social capital within the regions in question in this study would require wider research in itself, some of the elements of social capital within the Nordic regions and their presence (or absence) in the SWOT analysis studied here can be identified. Social capital is notoriously difficult to measure, as it entails a combination of quantifiable and qualitative factors, such as the degree of trust within the community, the nature of its institutions and relationships, as well as the norms, which are reflected in the scope and nature, the quality and quantity, of social interaction within the society in question.

In addition to building on social capital and utilising it to support regional learning, regions that wish to be competitive also need to "unlearn". As argued by Yaffey (cited in Maskell 2000: 44), one of the key functions of regional policy actually entails reducing the time needed to appreciate the social capital by providing an opportunity

for repeated encounters in markets and for social processes whereby new norms and values can be learnt, redundant institutions broken down, obsolete conceptions eliminated and antiquated, shared beliefs abolished. Such 'unlearning' can be expected to occur within the organisational learning process of regional strategic planning.

What examples of these types of elements can then be identified in the SWOT analysis included in our study? These are most clearly observable in two dimensions of regional SWOT analysis:

- *Organisational learning*: the utilisation of experiences from previous programming periods and other regional planning instruments as factors contributing to and indicative of learning. This should be visible in the formulation and re-formulation of the new regional development programme.
- *Social learning*: addressing the question of which actors and arenas are involved in the learning process, dealing with issues such as institutions, norms, social interactions and forums within which these can be developed, maintained and re-formulated (i.e. learnt and unlearned). In contrast to organisational learning, which is more concerned with the learning aspects of the *process*, the emphasis here is on *actors*.

4.1 Organisational learning: utilisation of previous experiences from strategic planning

In the introduction to this Chapter it was assumed that the learning of a region takes place through its organisational structure. This structure can also be called a system of actors, which – represented by its individual members – observes the needs for planning, designs the plans, implements them, monitors the implementation, evaluates the output and results, and assesses the longer-term effects.

From the organisational or *institutional* learning perspective the above-mentioned process in its entirety should be linked, through a feedback loop, to the re-assessment and re-defining of a developmental situation in some later point in time, and eventually to a re-designing of the plan. As the roles and positions of the various stakeholder organisations may change dramatically over time, and as new actors emerge and old ones disappear, one of the key qualities of a viable system is its flexibility, its ability to sustain changes in its environment and adjust its own structure accordingly.

Thus, it can well be postulated that the generic prerequisites set for *evolution of co-operation*, as Robert Axelrod (1984) titled his much-acclaimed study, are the cornerstones for systemic learning as well. An event in which two actors choose to co-operate is typically preceded by a period during which they learned to make that choice. This period is in turn typically marked by intense and repeated interaction around concrete issues. The actors have thus had an opportunity to position themselves *vis-à-vis* the issue, each other and the entire dynamics of the process, that is, the history of each other's changed relative positions at each particular point in

time. One feels inclined to draw parallels between such an evolutionary development and learning the internal logic of a game of chess¹.

Having established the concept of learning utilised in this study, one can proceed to assess it in the specific context in question. Assessing organisational learning as both a **contributing factor to** the accumulation of social capital and as a **reflection of the existing level of** social capital accumulation would naturally require an intricate analysis of factors of social capital. Some tentative indications of organisational learning can, however, also be deduced from how the programme documents and the SWOT analyses they contain refer to learning having taken place within the programming process. Two separate, though inter-connected factors can be distinguished: experiences from the previous programming period (likely to be particularly central in the EU programmes) and the lessons learnt from other programming processes taking place within the same (or partially overlapping) region. In the following table these two factors are referred to as **learning potential relating to European programmes** (referring to EU Structural Funds programmes) and **learning potential relating to national programmes**. In addition to these two factors, monitoring and evaluation processes are also referred to, as they are likely to be central to the way in which data collection and other more qualitative observation contributing to the subsequent learning can take place.²

¹ Of course there are major differences. An evolutionarily co-operative chess match would likely never end. Unlike the overwhelming majority of social situations the game forms a closed system. The only way to get out of the game situation is to win, which in a closed system has to be balanced by someone else's loss. As argued earlier, however, this is not the case in strategic interactions described here.

² It should be noted here that this section does not rely solely on the analysis of the SWOT, as other parts of the programming document, as well as previous programming documents are required to assess the connection between analytical elements and learning within the programming cycle as a whole.

Table 6. Learning within the programming cycle

PROGRAMME	LEARNING POTENTIAL VIS-A-VIS EUROPEAN PROGRAMMES	LEARNING POTENTIAL VIS- AVIS NATIONAL PROGRAMMES	MONITORING AND EVALUATION
BLEKINGE GROWTH AGREEMENT (SWEDEN)	-New development instrument, which explains the lack of interconnectedness to previous programming work, -Connection to structural funds programming acknowledged, though not explicitly in the SWOT -Emphasis on the Baltic dimension seen as a shared priority, especially after the future EU enlargement	-General reference to regional development work undertaken since the 1960s -County strategy 1995-1996, which was developed in connection to structural funds programming	-Yearly reporting, not defined in detail
VÄSTERBOTTEN GROWTH AGREEMENT (SWEDEN)	-Direct reference to EU programmes and co-ordination between the two development instruments	-No explicit reference made to previous national forms of planning	-Co-ordinator with responsibility for evaluation and monitoring identified -No explicit reference to structural funds in this context
VARSINAIS- SUOMI REGIONAL DEVELOPMENT PROGRAMME (FINLAND)	-Programme and SWOT written in 1997 = in the middle of the programming period, which explains the difficulty in drawing conclusions on the results of the Structural Funds programming period -Shared priority (expertise) with Objective 2 -Rural development a shared concern with previous 5b, employment with Objective 2	-Regional Development Programme from 1994 referred to, similar aims and elements in the SWOT -Centres of expertise programme referred to both in SWOT and priorities	-Quite vague – “in a similar fashion to the EU Structural Funds programmes, but lighter implementation”
POHJOIS- POHJANMAA REGIONAL DEVELOPMENT PROGRAMME (FINLAND)	-No SWOT in the programming document -Reference to Objective 6, 5b, 3 and 4 of the previous programming period, as well as to the Baltic Interreg and Northern Periphery programmes	-On a general level inter-connectedness with the previous programming documents and the programme objectives acknowledged -Programme largely a re-focusing of the 1995-1999 Regional Development Programme (published in 1994)	-Partly in direct co-ordination with the EU monitoring and evaluation structures, partly on a more political level by reporting of the head of the regional council

Table 6 continued...

PROGRAMME		LEARNING POTENTIAL VIS-A-VIS EUROPEAN PROGRAMMES	LEARNING POTENTIAL VIS-A-VIS NATIONAL PROGRAMMES	MONITORING AND EVALUATION
NORRA NORRLAND OBJECTIVE 1 PROGRAMME (SWEDEN)		<ul style="list-style-type: none"> -The key lesson of the previous programming period = too detailed a programme leading to small and fragmented project work also reflected in the SWOT -The problems of sparsely populated rural areas and imbalances in economic and labour market structures identified as a common theme 	-Direct reference to Growth Agreements	-Extensive, in line with EU regulations
NORTH FINLAND OBJECTIVE PROGRAMME (FINLAND)	OF 1	<ul style="list-style-type: none"> -Learning mainly based on Objective 6 and 2 programmes, but also on 3,4 and 5b -Connection not very clear, learning aspects not pointed out -Large and diversified region, but only one SWOT analysis of the new programming period, similar to the Objective 6 area -Good consistency between SWOT and strategies (according to evaluation) -Three clear strategic lines 	-No reference to national instruments with the exception of the issue of threat of losing municipal funding sources	-Extensive, in line with EU regulations
SOUTHERN SWEDEN OBJECTIVE PROGRAMME (SWEDEN)	2	<ul style="list-style-type: none"> -Reference to objective 5b (South-East Sweden) and Objective 2 (Blekinge) -Smallness and fragmentation problem referred to in connection to Norra Norrland also identified here -Need to move from visionary goals to realistically attainable ones -More concrete connection between SWOT and practical measures needed -Reference to RISI 	-Direct reference to Growth Agreements, which "constitute an important basis for programming work also in the Objective 2 region municipalities"	-Extensive, in line with EU regulations

		(Regional Information Society Initiative) and RITTS (Regional Innovation and Technology Transfer Strategic Infrastructures) in the programme, similarity of objectives in SWOT		
SOUTH OF FINLAND OBJECTIVE 2 PROGRAMME (FINLAND)		<ul style="list-style-type: none"> -Reference to Objective 2, 5b, 3 and 4 -The incorporation of horizontal priorities not sufficiently integrated in 1996-1999 -Environment more strongly present in the new SWOT -No reference to the weaker position of women in the labour-market, though this identified as a problem area elsewhere in the programme, incl. the statistical data provided 	-No explicit reference to national documents	-Extensive, in line with EU regulations
DENMARK OBJECTIVE 2 PROGRAMME	2	<ul style="list-style-type: none"> -Lessons drawn from the previous Objective 2 and 5b programmes (to a lesser extent also Pesca and Leader) presented in connection to SWOT analysis -Positive development in the 1990s, which partly attributed to the Structural Funds programmes, persistent problems (such as unemployment, high dependence on the primary sector, decrease in population) identified through the indicators, as well as the SWOT -Previous experiences particularly important in outlining the eligible areas -(sub)regional SWOT and programmes more consistent than the overall ones - Previous Objective 2 programme contained a horizontal and a vertical (sector based) SWOT, in 5b no SWOT table 	-No reference to national programmes	-Extensive, in line with EU regulations

KVARKEN-MITTSKANDIA INTERREG III A	<ul style="list-style-type: none"> -Reference to both previous programming period and other than Structural Funds initiatives in the EU (TEN, ESDP, Natura) -Improved integration of the area needed, but structural differences make it difficult -Both the differences and the aim of improved integration better taken into account in SWOT and in strategies -Previously a separate SWOT for both regions, in the current programme three SWOTs (one for each measure) -Better focus, corridor formation throughout the area a central theme -New measures included to improve efficiency in achieving results 	-No direct reference	-Extensive, in line with EU regulations
BALTIC INTERREG II B	<ul style="list-style-type: none"> -Interim and ex-post evaluation mostly taken into account -More focused strategy, though still a wide variety of measures -Better consistency between SWOT and the strategies. Particular improvements in the analysis of opportunities and threats -Implementation structure largely the same despite criticism of the earlier period 	-Forms of trans-national regional co-operation other than EU also referred to in the SWOT	-Extensive, in line with EU regulations
VESTFOLD and SØR-TRØNDELAG REGIONAL DEVELOPMENT PROGRAMMES (NORWAY)	<ul style="list-style-type: none"> - Both by their very nature co-ordinated efforts between the <i>fylke plan-rup-national strategies</i> 		

4.2 Learning and partnership

As organisational learning is closely connected with the implementation structure, one option in assessing it is to look at the partnership during the programme preparation process and to see if potential partnerships are mentioned in SWOT analyses.

As defined in the EU regulative framework, partnership is intended to include (in addition to the Commission and the Member State = government authorities), regional and local authorities, the economic and social partners, as well as other relevant competent bodies.

The following table shows that the EU regulations have also influenced the programme preparation process for national regional programmes. The table also lists the horizontal themes which are of direct relevance to partnership and eligibility. Forming a wide partnership, including social and economic partners and private sector actors, is usually taken as a prerequisite for the programming process, but it seems justified to view well-developed partnerships as prerequisites for achieving the integration of horizontal themes into the programme work, which still tends to be a weak area in the implementation of programmes. In SWOT analysis, however, partnership, as well as other organisational and institutional issues in general – as discussed above – is referred to rather seldom either as a strength or weakness. There are however some exceptions.

Table 7. Inclusion of horizontal themes and partnership

PROGRAMME	HORIZONTAL THEMES	PARTNERSHIP
BLEKINGE GROWTH AGREEMENT (SWEDEN)	<ul style="list-style-type: none">- Not explicitly identified- Bottlenecks hindering growth defined as further focal points in the areas of:<ul style="list-style-type: none">• Entrepreneurship• Labour market• Communications• Attractiveness of Blekinge• Regional self-identity• Co-operation climate	<ul style="list-style-type: none">- Not explicitly referred to in SWOT- Wide partnership in preparation of SWOT analysis and the programme itself, similar to EU programmes
VÄSTERBOTTEN GROWTH AGREEMENT (SWEDEN)	<ul style="list-style-type: none">- Ecological sustainability a central theme- Equality of opportunity (Low female presence in higher positions within the labour market identified as a weakness)	<ul style="list-style-type: none">- Not explicitly referred to in SWOT- Programme prepared by public, social and economic partners
VARSINAIS-SUOMI REGIONAL DEVELOPMENT PROGRAMME (FINLAND)	<ul style="list-style-type: none">- Relevance for job-creation- Sustainable development	<ul style="list-style-type: none">- Reference to voluntary organisations in connection to actions against marginalisation- Lack of co-operation seen as a weakness
POHJOIS- POHJANMAA REGIONAL DEVELOPMENT PROGRAMME (FINLAND)	<ul style="list-style-type: none">Main aims:<ul style="list-style-type: none">- Good living conditions- Competitive pre-conditions for firm development- Balanced regional development	<ul style="list-style-type: none">- Not explicitly referred to

Table 7 continued...

NORRA NORRLAND OBJECTIVE 1 PROGRAMME (SWEDEN)	- Sustainable development - Equality of opportunity	- Voluntary organisations mentioned as a partner in development work - Priority 5 extremely vague
NORTH OF FINLAND OBJECTIVE 1 PROGRAMME (FINLAND)	- Sustainable development - Equality of opportunity - Rural development	- Network of educational institutions a strength - Wide partnership in preparation of the programme
SOUTHERN SWEDEN OBJECTIVE 2 PROGRAMME (SWEDEN)	- Sustainable development - Equality of opportunity - Integration	- Not explicitly referred to in SWOT - Wide partnership in programming
SOUTH OF FINLAND OBJECTIVE 2 PROGRAMME (FINLAND)	- Expertise - Employment - Information society - Rural-urban interaction - Local culture and internationalisation - Equality of opportunity - Sustainable development	- Not explicitly referred to in SWOT - Public sector organisations, social and economic partners attended the programming process
DENMARK OBJECTIVE 2	- Innovation capacity - Sustainability - Globalisation - Co-ordination - Citizens' and regions' own strengths and development potential	- Wide partnership in programming process
KVARKEN- MITTSKANDIA INTERREG III A	- Sustainable development - Equality of opportunity	- Third sector actors active partners in development work - Wide partnership in programming
BALTIC INTERREG III B	- Sustainable development - Equality of opportunity	- Emphasis on the national level = governmental actors; partnership in programming decided by participating countries
VESTFOLD REGIONAL DEVELOPMENT PROGRAMME (NORWAY)	- No SWOT in the programming document	
SØR-TRØNDELAGE REGIONAL DEVELOPMENT PROGRAMME (NORWAY)	- No SWOT in the programming document	- Active voluntary organisations within the region defined as a strength (in the <i>Fylke-plan</i>)

It can be concluded that, although partnership is relatively well taken into consideration in the programming process and a wide partnership is involved in the preparatory stages (therefore also committing themselves to the programme), extensive partnership is less evident in the SWOT analysis. This is quite surprising when considering the central importance of a variety of actors within the partnership for the internal analysis.

4.3 Social learning: actors and interactions in focus

As was argued above, social learning as an actor-oriented dimension of the SWOT entails factors which can be seen as part of the process of accumulating **social capital** within the region in question. Even though no quantitative analysis has been made in order to draw conclusions on the extent to which social capital in fact exists within these Nordic regions, some tentative conclusions can be drawn based on the social capital accumulated as a result of the learning process.

It can be asked, for example, whether the actor-specific elements of the SWOT are likely to enhance and support resources which have a positive impact on institutional and organisational learning within the region, or whether they are potentially capable of influencing the way in which forms of social interaction evolve within the region as a whole (both within the private and the public sectors).³

To put it briefly, social learning used in this context refers to the degree of *internal* analysis of the actor dimension undertaken in the SWOT. On the basis of the assessment of the SWOT analysis we suggest that the actors involved in the programming and implementation structure tend to overlook the need for internal analysis of the organisational structure itself, thereby leaving an important element of learning and improvement central to the whole SWOT methodology untapped. The factor most often referred to in terms of implementation structures and their potential for the accumulation of social capital has been identified as the need to increase co-operation between universities and businesses, as can be seen from the table below.

Table 8. Elements of social learning

PROGRAMME	SOCIAL LEARNING
BLEKINGE GROWTH AGREEMENT (SWEDEN)	-“Baltic dimension requires further regional co-operation” -Co-operation between universities and businesses emphasised -The need to develop co-operation between municipalities identified -Need for new meeting places to support entrepreneurship
VÄSTERBOTTEN GROWTH AGREEMENT (SWEDEN)	-Need for co-operation between universities and businesses referred to -New meeting places for businesses and enterprises required -New forms of young people’s participation
NORRA NORRLAND OBJECTIVE 1 PROGRAMME (SWEDEN)	-Need to strengthen co-operation between economic life and R&D -Need to profit from new organisational and working methods
SOUTHERN SWEDEN OBJECTIVE 2 PROGRAMME (SWEDEN)	- Need to develop the connection between R&D and businesses
DENMARK OBJECTIVE 2 PROGRAMME	-Sub-regional specificity taken into account in the five (sub-) regional SWOT analyses -Need for improved administrative co-ordination acknowledged, as well as the threat of further centralisation within the public sector -SMEs and local activities in the rural areas identified as strengths

³ The in-depth analysis of such issues is likely to raise research questions similar to those referred to by Maskell in his article (2000, 68), i.e. capabilities of enhancing inter-organisational co-operation; potential barriers and constraints to such co-operation; policies facilitating unlearning and whether they can be connected to knowledge-enhancing policies.

Table 8 continued...

PROGRAMME	SOCIAL LEARNING
VARSINAIS-SUOMI REGIONAL DEVELOPMENT PROGRAMME (FINLAND)	-New meeting places -Lack of co-operation and the risk of isolation seen as regional weaknesses -Measures include creating networks for businesses
POHJOIS-POHJANMAA REGIONAL DEVELOPMENT PROGRAMME (FINLAND)	-Networks of educational institutions, dynamic businesses and local activity central elements
NORTH OF FINLAND OBJECTIVE 1 PROGRAMME (FINLAND)	Not explicitly referred to
SOUTH OF FINLAND OBJECTIVE 2 PROGRAMME (FINLAND)	Not explicitly referred to
KVARKEN-MITTSKANDIA INTERREG III A	-The traditions of cross-border co-operation and pursuit of shared identity central themes permeate the whole document
BALTIC INTERREG III B	-Special emphasis on the need for co-operation between Western and Eastern BSR
SØR-TRØNDELAG REGIONAL DEVELOPMENT PROGRAMME (NORWAY)	Internal analysis particularly central, with factors such as muddled administrative structure, decision-making weakness, co-operation needs in the educational sector included

It is clear that implementation structure is dependent on the content of the programme. This is also influenced by the fact that the eligible receivers of support, end users and potential lead partners vary between programmes. (For example, in the Baltic Sea Interreg programme a lead partner must be a public body.) Also the focus of the programme in cases like Interreg or the Swedish Growth Agreements determines and even restricts the variety of participating actors for development measures.

The nature of co-operation, necessary co-ordination and integrated regional strategy require a certain degree of consensus-building to take place within the programming process. Such consensus building is more likely to emerge in a region which is well endowed with social capital. As consensus building is intrinsic to the process of strategy formation, the ability to forge such a consensus can be seen as a prerequisite of successful strategic action.

In light of the analysis of the programmes included in this study, some tentative conclusions can be drawn on the centrality of implementation structures and partnership in these programming documents, especially in light of their role within the SWOT analyses undertaken.

Table 9. Partnership and social learning

- In light of the objective and function of the **Swedish Growth Agreements**, it is hardly surprising that relatively high priority is given to creating better functioning links between the business and educational spheres. Yet, perhaps surprisingly, little attention is given to the elements of partnership within the SWOT. In view of the strategic goals of the programmes this is an area which can be further developed and also translated into concrete measures. Thus by paying heed to the need to incorporate better the nature of regional development programmes as a process, the ability to tap regional resources closely connected to social capital can be translated into activities supporting regional competitiveness.
- In the **Finnish Regional Development Programmes** the integration of internal analysis, paying attention to the implementing organisations, as well as various groups and organisations representing society more generally can also be developed further. Although in some areas, where various partnership organisations necessarily have a central role, attention is paid to this organisational potential, these resources are less clearly present in the over-all strategy. If partnership is to be a contributing factor in regional strategy formation as well as implementation, it needs to be incorporated into the planning process from an early stage. (The same applies for other programmes.)
- There does not seem to be great difference between the **Objective 1** and **Objective 2 Programmes** in terms of the attention given to the internal analysis of the implementation structure and partnership. The need to strengthen co-operation between economic life and the R&D sector is referred to in most programmes. Some also make at least some reference to the opportunities provided by the new organisational and working methods and voluntary organisations. The Danish Objective 2 Programme seems to give more attention to internal organisational factors concerning implementation structure, including for instance improved administrative co-ordination and developing the organisation and functioning of the public sector.
- Co-operation traditions are especially central to the whole ethos of the **Interreg** Programmes, which also represent a unique case due to their cross-border and international nature. In some cases the cross-border resources could be even further emphasised. This applies in particular to programmes which are highly dependent on governmental policy decisions in order to pursue their own policy goals. (The predominance of the ferry traffic question in Kvarken-Mittskandia Programme could be cited as an example here.)

On the basis of the analysis undertaken here, some tentative conclusions on organisational learning and partnership can be drawn.

- Elements of learning discernible in the programming documents are reflected in learning in the organisational level (implementation structure) and in the programme content level, as elements improving the regional development instruments. To be able to assess learning, we need to compare programmes from different programming periods and not only look at the SWOT tables themselves, but also regional analyses and strategies on a more general level.
- European Union programming instruments are well taken into account in mainstream Objective programmes and Interreg programmes, as they are usually based on the same geographical area as in the previous programme period. There are certain differences, however. Objective 1 areas of Sweden and Finland now also cover some areas that were under Objectives 2 and 5b in the former period. Interestingly enough this has not been reflected in the SWOT analysis, though it has had an influence on strategies and measures. In general, improvements have been made both in the content of SWOT and its consistency with the analysis of a region, on the one hand, and the strategies, on the other. EU programmes also quite often have references to other programmes, not only to the earlier programme document. Transnational EU programmes relevant to programme areas are often referred to in this context.

- In some national regional development programmes, such as in Västerbotten Growth Agreement, there is clear reference to and co-ordination with EU programmes. There is, however, considerable variation as to how well these programmes are co-ordinated with EU programmes, partly resulting from the different timetables of the national and EU programmes. For instance, Finnish Regional Development Programmes have been written in the middle of an EU programme period and hence cannot have the full benefits of taking into consideration, or incorporating a completed strategic cycle.
- In terms of balance between European and national programmes, European programmes are more clearly visible in assessing learning from previous programmes. Very few programme documents, regardless of the type of programme, refer to national programmes or development instruments. In this sense it seems justified to argue that European Union programmes hold a dominant position within the strategic planning process in the Nordic countries.
- Organisational learning is usually not evident in the SWOT table. Institutional issues are in general lacking from SWOT analysis, although they should be a substantial part of it. From an evaluator's perspective it is, however, clear that organisational learning has been an important part of the EU programmes. It can be seen as an integral part of the development of social capital within a region. Monitoring and evaluation methods, although necessarily regulated by the EU, have been improved during the programming process. Although they are still considered quite time consuming and sometimes out of proportion, they are increasingly seen as necessary tools for learning. National regional programmes have different systems for evaluation and monitoring, which do not follow the same formal standards.

5. Conclusions

Although it has been acknowledged that, due to the consensual nature of formulating a regional SWOT analysis, the analysis resulting from the programming process is likely to be the best possible one (in the circumstances), one could argue that in order for the SWOT analysis to be at least *formally correct*, some minimum standards need to be met. These are represented in the following table.

SOME MINIMUM STANDARDS FOR A SWOT ANALYSIS:

- There needs to be logical consistency within the analysis, as well as correspondence to prevailing circumstances in the regional environment. These two factors form *sine qua non* conditions for all other standards.
- There should be a balance between external and internal analysis – this is one of the weakest points in most programmes. Even though the centrality of internal analysis cannot be deduced from the guidelines, it is a key factor in the SWOT method - SWOT should be utilised to develop better working methods and practices.
- Partnership needs to be viewed in a much more comprehensive manner. In most cases it tends to leave aside the actors outside public administration = social partners and voluntary organisations
- Additional attention should be paid to the degree of control: most SWOT analysis are more concerned with external factors, which the actors within the implementation structure, as well as the programmes in question, can only marginally influence.
- More attention should be given to the balance between relevance and regional specificity. A SWOT analysis is not intended to include everything that may have an impact on the region, but it should contain the key factors and preferably factors that can actually be influenced by the programme in question.
- One generic weakness in programme documents is the lack of operability. The European Commission recommends that analysis include factors which can be expressed in quantified terms, using statistical data. This is, however, seldom done, as most programmes include factors which are extremely difficult to operationalise and which are included as catchwords rather than relevant factors influencing the region's development. (Examples such as globalisation, global trends of centralisation and urbanisation abound.)
- Commitment: as is the case with the programme as a whole, the relevant actors should be able to accept the analytical section of the programme and be committed to it. This may lead to consensual decision-making and some compromises in formulating the analysis. This should not be seen as a weakness, but as an integral part of programming work based on partnership
- Territorial structure → shared characteristics vs. sub-regional specificity: a shared programme should include factors that are of *shared* relevance, but finding a satisfactory balance between common and region-specific factors is often difficult. Based on this clear point of potential tension within the programme, an analytical tool for evaluating the degree of regional specificity of a particular item within the SWOT has been developed. (See the following table on sub-regional specificity versus generality.)

After these minimum standards have been satisfied, one can consider further the role of the SWOT as part of the strategy-formation process. Doing so can identify variations in degrees of success, as well as point to possible improvements that could be made in order to further solidify the status and utilisation of the SWOT. While it could be argued that there is no intrinsic advantage to utilising the SWOT instrument in strategic planning, there seems to be insufficient grounds for doing otherwise.

However, it seems justified to argue for a *strategically more conscious utilisation* of the SWOT instrument, instead of suggesting its replacement.

SUB-REGIONAL SPECIFICITY VERSUS GENERALITY?

The SWOT analyses may emphasise large-scale strategic issues or more detailed operative issues. Moreover, they may form coherent continua from broad questions, which are not the direct responsibility of any one organisation, to concrete tasks assigned to one single actor. On the other hand, the issues may have a region-wide relevance, or they may be emphatically local.

The issues elaborated in the SWOT analyses can – at least in principle – be placed along these two dimensions. The model should be most useful while it is used for tracing the logical continua from local to region-wide issues (Fig. 1a), or from operative to strategic to issues (Fig 1b).

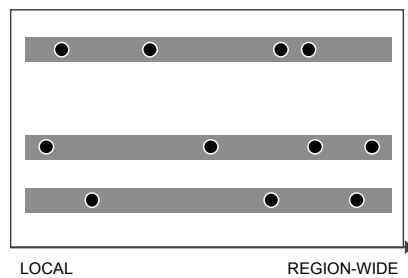


Fig. 1a.

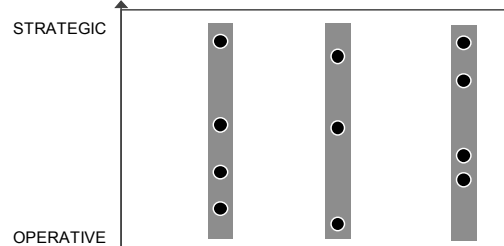


Fig. 1b.

It can be argued that in the ideal case there is a clear correlation between these two dimensions. In other words, a particularly *strategic* issue should also be of broader importance to the *entire (planning) region*. An *operational* issue, on the other hand, can be attached to a measure that can be taken vis-à-vis particular place-bound circumstances.

To illustrate such a setting we take a look at the Interreg IIIA programme for Kvarken-MittSkandia and issues in its SWOT that form a nicely correlated continuum from a local operative issue to a region-wide strategic one (Fig 2).

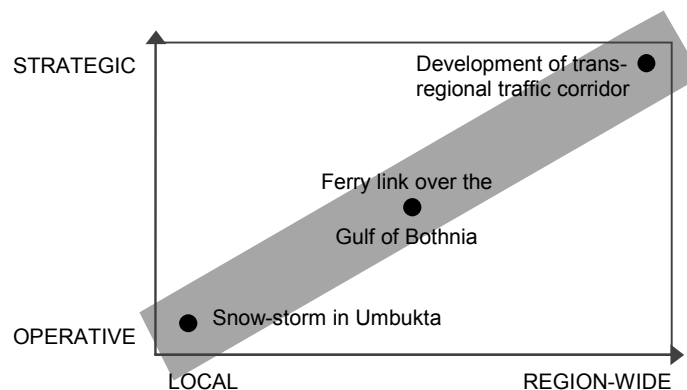


Fig. 2.

The existence of such a clear thematic continuum in the programme can be explained by the dominant position of transportation in the entire programme. For instance, there has been an understandable need to link up the ferry traffic across the Gulf of Bothnia – threatened by the lifting of a tax-border between Finland and Sweden due to the Single Market regulations and, hence, the end of duty-free shopping on the ferries – to a larger traffic system, which would motivate public support for ferry operators.

It is no wonder that actors and organisations that have the Gulf of Bothnia link at the core of their own agenda have also taken key roles in preparing the programme and defining its contents. Creating a transportation corridor, however rhetorical a construction, can benefit other programme stakeholders as well.

On the Norwegian side, the key transport-related question has to do with enhanced connections from the Atlantic harbour of Mo i Rana towards the east, across the Swedish border. The land transport linkage to the border is, however, insecure due to difficult snow conditions during the winter. One particularly weak spot in this respect, as indicated in the SWOT, is Umbukta, where snow conditions regularly block the land traffic. A local, place-bound solution here would be a tunnel that would dramatically increase the dependability of the entire transport chain, making Mo i Rana a regional and possibly even more important gateway.

CONCLUSIONS ON THE UTILISATION OF SWOT INSTRUMENT IN THE NORDIC REGIONAL PLANNING DOCUMENTS:

- In most case studies, a SWOT analysis has been carried out. Where this is not the case, e.g. in the Norwegian Regional Development Programmes, a SWOT is available in another strategy document, and we may need to look at all regional strategy documents as forming an interdependent whole rather than concentrating on one specific programme.
- In some cases SWOT has been undertaken, but is not included in the programme document (*Pohjois-Pohjanmaa*). This is likely to make the vision and strategic content of the programme less transparent, even if the SWOT is a permeating element of the programme and therefore discernible for the reader of the document in any case.
- Coherence of vision can be an indication of a good SWOT, as ideally SWOT is part of a *process* of programme-based strategy work: analysis-strategy-concrete measures-implementation-evaluation-analysis, etc.
- A degree of learning is visible: the experiences of the previous programming period are clear/clearly inform the present work, both in national and EU programmes, although usually in a more explicit fashion in the EU programmes.
- A learning process is likely to account for the relative consistency of the SWOT analysis in European programmes, although guidelines are not very specific as to the form and function of SWOT even here.
- Strategically central issues (such as sparse population and peripheral location in the case of *Norra Norrland* or the role of information technologies in the regional economy of *Pohjois-Pohjanmaa*) are maintained throughout the programme, which can be seen both as a sign of consistency and/or as a sign of some themes dominating the programme at the expense of others (core idea of the strategy permeating the whole programme).
- Priority areas are usually quite well in balance with the issues highlighted in the SWOT.
- Horizontal themes (usually sustainable development and gender-equality) need to be better incorporated into the SWOT analysis and programmes as a whole.
- Co-operation needs need to be better incorporated into the SWOT analysis in order to balance the external and internal analysis and in order for the SWOT to be helpful as an organisational development tool.
- Partnership is often developed in a limited fashion in most programmes, as social partners and voluntary organisations are not effectively involved and governmental actors are emphasised instead.
- Objective programmes are structurally less flexible than, for instance, the Growth Agreements (due to guidelines) or the Norwegian Regional Development Programmes. Clearer guidance, however, needs to be given in all the programme guidelines as to the purpose of including a SWOT analysis in the programme document.
- The connection between SWOT and concrete measures is clearer in European programmes than in most national ones, which results in a higher degree of commitment, embeddedness and learning, at least on a superficial level.

As a general conclusion of the project it can be argued that SWOT analysis can result in a certain value added for strategic planning. Yet this potential often remains untapped, as the actual strategic relevance of SWOT is not acknowledged and the learning potential underlying the utilisation of this instrument is only secondary to the formal standards of planning process. SWOT, as well as the strategy formation

process in its entirety should be more directed towards emphasising the learning aspects, allowing for regional specialisation and therefore potential comparative advantage.

It has been concluded that SWOT analysis is widely utilised and has an important role in balancing the external and internal elements of a regional environment, allowing for organisational introspection as well as strategic planning that is sensitive to the external environment. As such it can be seen as part of the **learning process** by which European regional development programmes and their practices are filtered into the national practices. In current economic circumstances, enhancing regional competitiveness is increasingly tied to the unique resources available in the region and the notion of social capital as a regional resource has become all the more central. This, however, needs to be much more clearly acknowledged in the strategic planning process in order for regional specificity to emerge as a strategic advantage here. The fact that the utilisation of SWOT analysis as a strategic instrument is more or less explicitly expected of most regional development programming documents is indicative of a **semi-institutionalised planning practice** that is taken for granted, but often not sufficiently elaborated on or consciously worked through for all of its potential value added to be realised.

In addition to the basic functional characteristics of SWOT analysis, the nature of the strategy formation process was discussed. It was argued that the development of a SWOT analysis within a regional context is almost by definition a **consensual** process. This is largely explained by the nature of strategy formation in a regional partnership, as well as by the fact that the issues included in the analysis of a regional SWOT matrix seldom lend themselves to strictly objective or simply quantifiable indicators. The fact that the SWOT analysis is by definition a subjective process is further exacerbated by the dimension of internal analysis involved: the strengths and weaknesses outlined in the analysis should be based on the characteristics of the organisation itself and thus **self-reflecting** by nature. This presents those aiming to develop more efficient and more responsive programming methods with a major challenge, a challenge that the current methodological framework available for regional strategy formation has so far not fully appreciated.

It was argued, in the opening chapter on the strategic dimension of regional development planning, that public sector strategies are typically marked by the **open access and the finite time span** within which they are implemented. The **formal validity** of such strategies is established by the strategic programming document itself, which usually quite clearly outlines both the time and functional/strategic sphere within which the strategy is implemented. These characteristics of SWOT analysis should be taken advantage of in order to develop a more strategic outlook on the regional development complex in its entirety. We argue that the openness of access and limited duration of implementation can be utilised for the benefit of the strategy formation. It is further suggested that a more thorough study into the processes which are not visible in the documents themselves, but are central in charting out the formation of the SWOT within the planning process. By so doing, more concrete suggestions as to the best ways of forming a partnership, as well as formulating more strategically aware programming documents within the partnership, can be offered.

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Appendix 1: The regulatory framework, relevant documents

The regulatory framework of the programmes in question is documented in the following texts (access to the electronic document identified, when possible):

Norway – Regional Development Programmes:

- Regional- og distriktpolitisk redegjørelse 1998, Electronic document :
<http://odin.dep.no/odinarkiv/norsk/dep/krd/1998/publ/016005-990113/index-dok000-b-n-a.htm/#hva>

Finland – Regional Development Programmes:

- Regional Development Act 1135/1993 (Available in Finnish through <http://finlex.edita.fi>)
- Regional Development Decree 1315/1993 (Available in Finnish through <http://finlex.edita.fi>)

Sweden - Regional Growth Agreements

- Regeringens proposition “Regional tillväxt – för arbete och välfärd” (1997/98:62),
Electronic document:
http://www.naring.regeringen.se/propositioner_mm/propositioner/pdf/prp98_62.pdf

Objective 1 and 2 Programmes:

- Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds, Electronic document:
http://www.inforegio.cec.eu.int/wbdoc/docoffic/sf20002006/pdf/1_16119990626en00010042.pdf
- Vademecum: Plans and programming documents for the Structural Funds 2000-2006, Electronic document:
http://www.inforegio.cec.eu.int/wbdoc/docoffic/vm20002006/vademecum_en.htm

INTERREG Community Initiative:

- INTERREG – guidelines, Electronic document:
http://www.inforegio.cec.eu.int/wbdoc/docoffic/official/interreg3/index_en.htm
- Ex ante evaluation and indicators for INTERREG (strand A), Working paper 7, Electronic document:
http://www.inforegio.cec.eu.int/wbdoc/docoffic/working/doc/report_interreg.doc and Working paper 7, part two (Transnational Co-operation, strand B)

Appendix 2: Summary of the SWOT analyses

In the following a collection of the SWOT analyses included in the sample of Nordic regional development programmes which were examined in this study is provided. It is to be noted that the SWOT analysis is included in the summary *provided that* it was included in the programming document. In most cases an English summary provided by the implementing organisations was available, but in some cases the research team provided the translation.

BLEKINGE GROWTH AGREEMENT:

Main conclusions of the SWOT analysis:

- The importance of the Baltic perspective for Blekinge (including the benefits of the new Øresund bridge connection)
- Regional co-operation is required in order to make Baltic co-operation successful.
- The high level of technical development provides good conditions for industry.
- Service production with an IT-base has high development potential.
- Activities having to do with nature (in particular tourism, fishing and certain agricultural activities) are potential growth areas.
- High dependence on a relatively limited number of business sectors and enterprises still a threat to regional development
- Too high a proportion of SMEs
- Too few new businesses emerging
- Further expansion of infrastructure required
- University college a strong motor for regional development, but diversification and closer co-operation with trade and industry required
- High standard of the quality of the environment, as well as of public services
- Immigrants an important resource in the regional labour market
- Educational level needs to be raised and educational efforts intensified.
- Efforts to deal with the migration problem need to be intensified.

The conclusions of the “deepened” SWOT :

- The positive self-image and attractiveness of Blekinge need to be focused on, which further emphasises the need to market “the new Blekinge”. This requires a more ample supply of things that make Blekinge attractive, e.g. a more extensive supply of cultural commodities.
- Regional co-operation needs to be strengthened if Blekinge’s development potential as a densely populated urban region is to be maintained.
- In order to develop the industrial community within the region, efforts are required in created opportunities within business education, competence maintenance, as well as social meeting places.
- Labour provision requires better education for qualified skilled workers and university or college-trained technicians, with a particular focus on labour provision in the most strongly developing areas, such as the IT sector.
- Communications require improvements in the road system, extended rail connections with the Øresund region, as well as increased opportunities for flight connections.

VÄSTERBOTTEN GROWTH AGREEMENT

SWOT IN THE AREAS OF EDUCATION, COMPETENCE DEVELOPMENT AND R&D ACTIVITIES

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Good access to higher education and research • Good access to educated labour in the coastal area • Developed international contacts within the educational system • Broad national recruitment base in the regional universities 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Co-operation between universities and the private sector developed only to a limited extent • Connections between the educational system and the needs of the labour market and economy too weak • Few graduates remain in the county • Inland a low educational level prevails, especially amongst the men • Traditions of higher education (in particular relating to long, theoretically oriented degrees) proportionately weak in some parts of the county • Relatively low level of clustering amongst the scientific environments
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Knowledge and competence increasingly important competitive advantages • Strong co-operation between educational system and business community • New economy is built through knowledge from universities and university hospitals • Easier access to higher education decentralisation of higher education and distance learning • Increasing competences within a business lead to increased competitiveness • Innovative environments can develop further • New educational opportunities such as environment and energy • Access to higher education enables a higher degree of innovation within economy in general • More adjustable education of the labour force according to economic needs • A more distinct profiling of secondary schools and more education with national intake • Closer co-operation between researchers and business life • Businesses with development potential and researchers in particular in the areas of medicinal biotechnology, molecular- and microbiology, food industry, timber industries, agriculture and mining • More business clusters (closely situated businesses) • New co-operation solutions between universities and business life, in particular directed towards inland businesses • Development of R&D-environments • Education of entrepreneurs 	<p>THREATS</p> <ul style="list-style-type: none"> • Competence support for inland businesses cannot be maintained • Qualified work force lacking in vital areas • Relatively low educational level in the inland areas obstructs additional opportunities needed to satisfy labour market needs for educational personnel • Graduates leave the county • Inadequate co-ordination of secondary education

INFRASTRUCTURE, DEVELOPMENT AND TRANSFER OF TECHNOLOGY

STRENGTHS: <ul style="list-style-type: none"> • High computer density • International competitiveness of industries, especially of manufacturing industry and forestry • World-class mining province • Good access to higher education and research • Top competence within IT sector 	WEAKNESSES: <ul style="list-style-type: none"> • Local IT-infrastructure not built • In some cases low readiness to start using new technologies within businesses
OPPORTUNITIES: <ul style="list-style-type: none"> • Increased co-operation between university, economic life and society • New technologies allowing telework and choosing one's location independent of distance • IT enabling access to wider markets • Sustained technological development within industries such as manufacturing, forestry, wood-processing, energy, environmental technologies, food technology, bio-technology and medicinal technologies • Sustained development of technological centres within the county • Broadband technology • Competence development • Access to good infrastructure • Increased level of technical knowledge • Electronic commerce can stimulate increased data maturity, trade and profitability even within small businesses • Tele- and data networks, AC-net, as well as the opportunity to try out other solutions, such as <i>SUNET</i> • Import of new technologies through international networks • Increased opportunities with better logistics 	THREATS: <ul style="list-style-type: none"> • Large regional differences in the price of data technology within the county • Competence shortage in some industries • Further price increases in freight transportation and in passenger transport • Low interest in technology

THE SURROUNDING WORLD AND MARKET

<p>STRENGTHS:</p> <ul style="list-style-type: none"> • Well developed international contacts within the educational system • Strategic position within the east-west and north-south perspectives • Participation in co-operation projects, such as <i>Kvarken-MittSkandia</i>, Barents co-operation, Baltic co-operation and Northern Forum • Many actors within the county with well-developed networks and a large number of partners, twin towns etc. • Membership in the EU • Businesses with extensive international contacts 	<p>WEAKNESSES:</p> <ul style="list-style-type: none"> • Relatively limited tradition of international co-operation • Limited proficiency in international work • Inadequate co-ordination of international co-operation within the county • Insufficient marketing of county, common models missing • Weak analysis of international co-operation. Lack of a conscious (goal-oriented) working method of many actors in the county • Economic resources for organising international contacts not extensive enough • Weak gender perspective in international work
<p>OPPORTUNITIES:</p> <ul style="list-style-type: none"> • EU funds and programmes • Increased co-operation and co-ordination • Increased internationalisation opens up new markets • New technologies decrease distances • Increased knowledge about other countries and markets • International contacts create prerequisites for business-creation in the county • <i>Västerbotten</i> a bridge between the Barents and Baltic regions • Development of northern <i>Helgaland</i> and other parts of Northern Norway create better opportunities also within <i>Västerbotten</i> • Competence development and increased international inter exchange • Network creation and creation of strong alliances • Clearer profile among the young within the framework of different forms of international co-operation • Better utilisation of university's international knowledge and contacts 	<p>THREATS:</p> <ul style="list-style-type: none"> • Low presence in the international markets • Lack of strategy to meet the fast changes brought about by the internationalisation within the environment • Changing conditions for traffic in the <i>Kvarken</i> straits, which threatens regional co-operation • Dissociation from EU offers poor conditions to take advantage of opportunities created by the EU • Year-round utilisation of <i>Mo</i> and <i>Rana</i> free port

ENTREPRENEURS AND BUSINESS DEVELOPMENT

<p>STRENGTHS:</p> <ul style="list-style-type: none"> • Access to well-educated labour force especially in the coastal areas • Internationally competitive industry sector, especially the forestry sector and manufacturing • High computer density • World-class mining province • Access to natural resources • Unique competence within nature- and culture areas, good living environments • Stronger environmental profile of the county • Good communication and infrastructure • Good access to education and research • Reindeer herding and traditional <i>Sami</i> culture • Existing networks 	<p>WEAKNESSES:</p> <ul style="list-style-type: none"> • Limited interplay between universities and private sector • Inadequate co-operation and co-ordination traditions • Poor business climate in the county • Poor competitiveness of businesses in the county • Few university-educated persons stay in the county after they have finished their studies • Limited experience of international business contacts • Relatively low income level, weak purchasing power and high taxes • Too few growth businesses and therefore of good examples for other businesses to follow • Poor access to development capital • Low business establishment rate, especially amongst women • Too few arenas and meeting places • Difficult regulative framework • Existing tradition of being employed by someone else, rather than becoming an entrepreneur • Small businesses sometimes lack growth motivation
<p>OPPORTUNITIES:</p> <ul style="list-style-type: none"> • Knowledge and competence increasingly important factors of production • New technologies offering new local opportunities independent of distance • The role of <i>Umeå</i> as a motor for growth could be clearer and further developed • New networks and improved dialogue between the actors in the region • New markets through increased internationalisation • Increased development potential in the small local enterprises • New job opportunities can be created within the private service sector • Strong interplay between the educational system and business life • Further development of the key industries • Job-seekers as a potential resource • New business life can be built through knowledge within universities and university hospitals • “<i>Bothnia-track</i>” built • Further development of existing innovative environments • Development of the public sector • Creation of more meeting places 	<p>THREATS:</p> <ul style="list-style-type: none"> • Decreasing population • The function of <i>Umeå</i> as a motor for regional growth ceasing • Qualified labour force lacking in vital areas • Competence provision to inland businesses cannot be maintained • Low professional mobility • Public sector dominance in the county oriented towards production activities for the regional market • Cutbacks in the public sector • Enterprises straggling when it comes to marketing, development of products and design skills • Alternation of generations in the enterprises, but too few young people willing to take over • Low presence on the international markets • Decreased employment/high unemployment • Complicated regulatory framework • Unclear distribution of roles amongst the business support actors • Discontinuation of ferry traffic between <i>Umeå</i> and <i>Vaasa</i> • Educational supply does not meet the

<ul style="list-style-type: none"> • New extractable ore deposits • New products through knowledge and research • Strong concentration on education of entrepreneurs • Development of new lines of business • “Single entry” access solutions to decision-makers for businesses • Development of tourist industry • Making use of immigrants knowledge • Hiving off of public activities – opportunities for the third sector 	<p>needs of the businesses</p> <ul style="list-style-type: none"> • Existing structures not encouraging entrepreneurship, especially amongst women • Constantly weakening road standards • Insufficient collective traffic in inland areas • Strong imbalance within the county
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LIVING ENVIRONMENT AND PUBLIC SERVICES

<p>STRENGTHS:</p> <ul style="list-style-type: none"> • Unique natural and cultural environments, good living environments • Good communications and infrastructure • Extensive supply of high-quality cultural and recreational activities • 470 local community groups • High competence in public health questions • Strong NGO-tradition • High educational level • Reindeer herding and traditional <i>Sami</i> culture 	<p>WEAKNESSES:</p> <ul style="list-style-type: none"> • Strong imbalance within the county • The potential for experiences within cultural and natural realms not sufficiently taken advantage of • Low average income, relatively weak purchasing power, low taxpaying power and relatively high municipal tax rates • Weakened social functions in the out-migration areas • Low female presence in leading positions
<p>OPPORTUNITIES:</p> <ul style="list-style-type: none"> • Developed interplay between population centres and the surrounding countryside • Bigger local participation contributing to the development of the countryside • Further development of culture • Development and experimenting with new forms of social and other public services • More meeting places and arenas • Development of cultural tourism • Further development of <i>Västerbotten</i> as a prominent sport county • Development of innovative environments • The utilisation of immigrants knowledge and experiences • The meaning of the countryside as a factor in the living environment 	<p>THREATS:</p> <ul style="list-style-type: none"> • Qualified labour lacking in vital areas • Cutbacks within the public sector • Services within the inland areas threatened due to decrease in population • High amount of health-problems

VARSINAIS-SUOMI REGIONAL DEVELOPMENT PROGRAMME¹

Strengths: Diversified economic structure Strong universities, centre of expertise and other knowledge resources Location by the Baltic Sea and traditions of co-operation with St. Petersburg and Stockholm regions Favourable and unique natural conditions Versatile and rich cultural traditions Bilingualism	Weaknesses: High unemployment Weakness of marketing Lack of co-operation Disintegrated administrative structures Weak regional profile Distorted age structure
Opportunities: Internationalisation Utilisation of natural conditions in production and tourism Utilisation of region's natural resources Capitalisation on expertise and initiative Development of co-operation and networking at all levels Cross-border co-operation and development of the neighbouring countries Unique cultural heritage	Threats: Persistent high level of unemployment and marginalisation One-sidedness of economic life (in particular within growth areas) Disruption of co-operation and isolation Distorted regional policy Depopulation of the country-side and ageing of population Environmental problems and catastrophes

¹ Programme and its analysis section are currently being up-dated and is expected to be discussed in the regional council in early summer 2001.

NORTHERN FINLAND OBJECTIVE 1 PROGRAMME

<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Ample high-quality natural resources • Clean environment, multiple and varying natural conditions, nature resorts • Strong and original regional identities • Well-functioning basic infrastructure • Modern IT infrastructure and high level expertise • An extensive network of dynamic educational establishments • Modern and innovative enterprises • Labour resources • Strong activation of rural villages 	<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • Production based on indigenous natural resources, increasing the value added • The increasing demand for ecologically sound products • Global increase in demand for tourism services • Co-operation between enterprises • Development of expertise • New innovative sectors, clustering • Increase in the use of information networks, electronic commerce, distance learning etc. • Access to neighbouring markets in Sweden, Norway and Russia, as well as the European single market • Strong commitment of the people to regional development • Qualified labour force • Ameliorating accessibility
<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Long distances and extreme conditions • High unemployment, high degree of long-term unemployment, high out-migration • Young entrepreneurial culture, weak business base, small average size of businesses • Scarcity of centres of expertise and growth • Educational shortcomings and partially wrongly structured educational supply • Weak local economies • Weaknesses in the natural and built environment • Great discrepancy in levels of regional development • Scarcity of service provision to local businesses 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • Mergers, the loss of ownership to actors outside the region • The continuation of centralising tendencies • Exclusion from labour market • The weak national and structural policy • Decrease of population, ageing and decrease in the level of employment • Termination of local development funding • The commitment of available funding to cover the building and maintenance of infrastructure • Increase in energy prices

NORRA NORRLAND OBJECTIVE 1 PROGRAMME:

<p>STRENGTHS</p> <ul style="list-style-type: none"> • An area characterised by diversity and contrast with a unique natural environment (“Europe’s last wilderness”) and rich cultural environment • Well-functioning public services • Profitable industry based on raw materials and rich natural assets • Three universities and generally good educational and research resources • Strategic location from east-west and north-south perspective • A strong rural movement • Environmentally adjusted production and high quality of products 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Peripheral location and characteristically sparse population • Regional imbalances, for instance in terms of demographics, development, educational level and employment • Sensitive natural environment • Small local labour markets, especially inland • Gender-based division of labour • Too few entrepreneurs and good examples. • Too few new businesses, especially those run by women • Pressures on the transport system • Low processing value in some areas • Too small private sector • Sparsely built environment/ long distances • Weak basis for diversity in services and cultural production
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Development of culture as a developmental strength • Utilisation and building of IT to overcome the disadvantage of long distances • Better use of labour • Stimulation of creativity, entrepreneurship and innovation capabilities • Strengthening of co-operation between trade and industry and education/R&D • Improvement of access to higher education and distance learning/flexible education • Profiting from internationalisation • Developing the tourism trade • Stimulation of knowledge-intensive production • Profiting from new organisational and work forms • Increase in the processing of region’s raw materials and take advantage of opportunities for local production 	<p>THREATS</p> <ul style="list-style-type: none"> • Decreasing population and continuing demographic imbalance • Lack of qualified labour force, in particular in inland areas • Insufficient infrastructure, for instance IT in the sparsely populated areas • Low presence in international markets • Lack of strategies to adjust to the fast changing environment • Constantly high unemployment • Constantly low critical mass of leaders, entrepreneurs and other key persons • Insufficient stakes in growth areas of economy • Too few new service enterprises in the region • Continuing out-migration and the following decrease in the level of service provision in the sparsely populated areas

SOUTHERN FINLAND OBJECTIVE 2

<p><u>Strengths:</u></p> <ul style="list-style-type: none"> • The availability of high-quality welfare and educational services • Good connections to Russia, the Baltic states and Scandinavia • Reliable and well-functioning logistical services • High-quality export industries • Versatile environment (both natural and in terms of living conditions) • Functioning administrative and enterprise services with an available safe working environment • Dense network of service centres and functioning connections (accessibility) • High level of expertise • Culture environment of high standing • High level of technology and research 	<p><u>Weaknesses:</u></p> <ul style="list-style-type: none"> • High production and maintenance costs (in comparison to the European standard) • Remote location in relation to the European main markets • Small size of domestic market • Sensitivity of production structure to economic fluctuations, scarcity of small and medium sized enterprises (SMEs) • Imbalance of labour supply and demand • Localised environmental problems • High unemployment
<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> • Growth potential of information-intensive and bio-technology sectors • Increasing consumption and demand potential in the neighbouring areas • The strengthening of the Northern Dimension within the EU • Strong economic growth in the Baltic region • Strengthening of the centre of expertise policy • Increase in the value added • Versatile energy resources adjustable to the needs of sustainability, use of renewable energy sources • The development and further utilisation of innovative expertise clusters • Networking based on environmental expertise in the Baltic Sea region 	<p><u>Threats:</u></p> <ul style="list-style-type: none"> • The withering away of regional key sectors • Disruption in the further development of information society • Internationalisation of crime and increase in insecurity • The decrease in competitiveness in relation to alternative transport routes • The increase in social marginalisation • External environmental threats and the disruption of environmental standards in the Baltic and the Gulf of <i>Bothnia</i> • Unstable and unforeseen developments within the Baltic Sea region • The shattering of the social structure and the over-centralisation of population • Domestic environmental threats

SOUTH OF SWEDEN OBJECTIVE 2:

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Well placed in the Baltic and <i>Øresund</i> perspectives • Landscape with unique types of nature, seas and waterways and an attractive coast • Unique cultural environments • Tourist attractions • Closeness to bigger labour markets • Available key competences, industrial traditions and craftsmanship • Access to timber raw materials, which allow for development of industries and energy provision • Available capacity in public and commercial infrastructure • Good living conditions and well-functioning municipal services • Short (mental) between inhabitants, trade and industry and decision-making • Good examples of functioning networks and co-operation 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Lack of large population centres • Sparsely populated areas causing difficulties in areas such as public transport • Scarcity of local, regional and international communications (both in terms of transport and IT) • Lopsided age-structure • Difficulties in attracting young people into the area • Few job opportunities for women • Limited private services sector • Few new businesses • Large proportion of labour-intensive industries and small degree of high-technology industries • Too strong dependence on a limited number of individual enterprises or lines of business • Low educational level • Low export-level • Difficulties in recruiting workers • High unemployment amongst the population
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • High degree of processing within industry and environmentally adjusted production • High level of industrial development based on region's raw-materials and competence • Environmentally oriented businesses • Attractive environment as a potential resource to be marketed • IT as an instrument against geographical disadvantage and for environmental adjustment • Strong available key competences (cluster) and promotion of new ones • Possibility to maintain and develop entrepreneurship • Tourism as an instrument of growth • Developed Baltic co-operation • Co-operation with larger regional centres • Increase in supply of higher education opportunities • Closeness to growth centres • Better infrastructure as an instrument of competitiveness and wider labour markets • Inhabitants' experiences and competence limited 	<p>THREATS</p> <ul style="list-style-type: none"> • Strain on the municipal economy as a consequence of out-migration • Hollow basis for private and public services in small localities and in the countryside • Increased out-migration, especially amongst young women • Remaining population in a traditional economic structure with increasing cleavages in relation to growth regions • Need to restructure the local economy • Negative impact of changing production patterns, together with new grazing customs and intensive exploitation of timber resources and air pollution on the natural and cultural environments • Negative impact of pollution on water ways • Weaker development within communications in comparison to growth regions • High cost of fuel • EU's eastern enlargement

DENMARK OBJECTIVE 2 PROGRAMME

STRENGTHS	WEAKNESSES
Good educational resources for industry	Image problem
	Lop-sided age structure
Small niche-industries	Low export growth
Stable labour force	Short-sighted planning in areas of activity
Many SMEs	
Active rural milieus	Low investment level
Attractive nature	High dependency on transport
Exploitation of sustainable energy sources	Low degree of production innovations
	High dependency on primary sector
	High female unemployment
	Large amount of unskilled labour
OPPORTUNITIES	THREATS
Available industrial and harbour areas	Continuing of out-migration by the young
Large supply of educated labour force	Lagging in educational opportunities
Available labour resources	Rising pressure on public budgets
Extension of niche production	Increasing competition in low price products
Development of distance work	Problems in generational change in enterprises
Development of tourist seasons and tourist areas	Continuing centralisation of public institutions
Development of service sector	Centralisation of retail trade
Development of cultural and environmental tourism	Continuing centralisation of financial sector
Development of the tertiary sector	Limited access to water resources
Development of administrative co-ordination	Vulnerable nature

As is the case in regional development programming documents, which include a vast programme area, the Danish SWOT is a combination of the five sub-regional SWOT analyses of *North Jutland*, *Viborg*, *Fyn*, *Storstrøm* and *Bornholm*. Two of these SWOT analyses are presented here for the sake of comparison in terms of level of generality.

BORNHOLM SWOT

<p>Strengths: Population: Active cultural and club life Low property prices</p> <p>Employment, trade and industry: Low preliminary expenses Stable, flexible manpower Tele-infrastructure Developed food sector Developed business service Strong transport sector Export-oriented niche industries</p> <p>Education: Developed basic vocational study programmes</p> <p>Environment: Attractive landscapes High level of alternative energy Good bathing water quality</p>	<p>Weaknesses: Population: Lopsided age structure – few youths, many elderly Weak local economy – high taxes Transport dependency</p> <p>Employment, trade and industry: Vulnerable food sector Lack of long-term planning in fishing industry Small industrial and private service sectors Few entrepreneurs, limited company establishments Transport dependency and shipping costs Weak capital base High unemployment and widespread seasonal unemployment Few highly educated persons and generally low level of education Low mobility and personnel turnover</p> <p>Education: Few further and higher educational institutions Lack of youth and student milieus</p> <p>Environment: High livestock density</p>
<p>Opportunities: Population: Bornholm as attractive area to settle in Bornholm as educational island Øresund Region and Baltic Sea Region</p> <p>Employment, trade and industry: Distance working: call centres, opening of departments of large companies, small niche companies Development of niche industries Further development of the food sector Quality development of tourism Creative professions: handicrafts, etc. "Soft" service professions: i.e. lifestyle centres Attraction of highly educated manpower Development potential in unemployed manpower Øresund Region and Baltic Sea Region</p> <p>Education: Bornholm as educational island</p> <p>Environment: Sustainable tourism Environmental certification of companies</p>	<p>Threats: Population: Continued migration from the island intensifying the lopsided age structure Weakening of Bornholm's regional status Weakening of the public sector's economy</p> <p>Employment, trade and industry: Vulnerable primary fishing and agricultural sectors Continued intensification of global competition Failure to hold on to national activities Generation change and recruiting problems Competition from the Baltic States and the Øresund Region</p> <p>Education: Continued net migration of young people from the island</p> <p>Environment: Environmental situation in the Baltic Sea Drinking water quality</p>

REGIONAL SWOT FOR LOLLAND, FALSTER AND MØN:

STRENGTHS	WEAKNESSES
Stable labour force	High unemployment
Well-developed advisory networks	Lacking qualifications
Geographical location	Lacking ability to maintain and attract highly educated labour
Good agricultural land	Dependency on traditional agriculture
Attractive tourist area	A lower proportion of population in the economically active age as in the rest of the country
Well-developed infrastructure	Shortage of R&D institutions
Well-qualified professional labour force	
Many people employed by arts- and crafts	
Low prices of housing	
OPPORTUNITIES	THREATS
Available labour	Poor image
Good position	Shortage of strategic thinking
Room up above	Many traditional sub-contracting activities
Good possibilities for further education	Many small areas of activity without a development tradition
Willingness for reorganisation in smaller areas of activity	

THE SWOT ANALYSIS UNDERTAKEN IN SØR-TRØNDELAG FYLKEPLAN

<p>STRENGTHS:</p> <ul style="list-style-type: none"> • Large variations – Trondheim as a motor (for development) and as a town. At the same time abundance of unspoiled nature and good access to nature • Natural resources such as wood, marine resources, gas • Good access to competences and R&D • Position as a traffic junction • Spaciousness and character; few power struggles, calmness • Active voluntary organisations • High degree of commitment to local environment in the districts 	<p>WEAKNESSES:</p> <ul style="list-style-type: none"> • Shortage of investors • Shortage of entrepreneurship • Decision-making weakness • “Branding” (“filialisering”) • Vulnerable economic structure, too few motors; few clear development priorities in parts of the county • SMB not taking advantage of technology environments • Borders between counties and partly also between municipalities • Densely populated areas aesthetically poor • Road networks, communications in general
<p>OPPORTUNITIES:</p> <ul style="list-style-type: none"> • Capital on the coast • Utilisation of the whole county – distance working, telework – requires organisation and co-ordination • Further opportunities in gas and fish, processing industry • School system meets everyone’s competence needs • Modernisation of cultural supply in the districts • Culture at the interface between the voluntary sphere and the economic sphere • RIT 2000 • Basic education • Interplay between standards of education 	<p>THREATS:</p> <ul style="list-style-type: none"> • Out-migration of people and competences • Too limited job supply • Muddled administrative structure • Too much crisis maximization (see Opportunities) • Attitudes towards and within agriculture • Global trends – centralization, urbanization • Market access of fish • Degree of freedom enjoyed by of the municipal economy

BALTIC INTERREG SWOT

STRENGTHS

1. The concept "Baltic" is seen as a common valuable property in all countries.
2. The existence of pan-Baltic vision, a political commitment to strengthen the Region and good experience of transnational co-operation at all levels.
3. High degree of economic dynamism.
4. Several leading business clusters and advanced industries having their base in the W-BSR.
5. The existence of one of the best-integrated sub-regions of Europe (i.e. the Nordic Countries).
6. Well-educated population, considerable R & D capacity.
7. International openness in terms of FDI and trade.
8. Great nature values of European interest, relatively high quality of environment, and important cultural heritage.
9. Large natural resources to be exploited, especially in the Arctic region.
10. A well-balanced system of metropolitan regions acting as engines of development.
11. A well developed maritime transport system.
12. Highly developed ICT system in some parts.

WEAKNESSES

1. Varying sense of belongingness to the BSR, mainly between small and bigger countries.
2. Weak institutions running spatial policies and very different spatial planning systems.
3. Insufficient market institutions in the E-BSR and weak structure of small and medium size cities in several parts of BSR.
4. Large differences in levels of socio-economic development between and within countries.
5. Only partial integration of BSR in terms of economy. Still existing legal and institutional barriers, particularly at borders.
6. In the Northern Countries large space and low population density meaning great distances between people and sub-regions,
7. Heavily polluted Baltic Sea.
8. Harsh climate in the Northern parts of BSR.
9. Peripheral position in Europe.
10. Missing pan-Baltic intermodal sustainable transport infrastructure strategy.
11. Deficiencies in transport infrastructure, in particular insufficient East-West links (both by sea and land), border crossing and port-hinterland connections.
12. Low accessibility of some parts of the BSR. Restricted access to national and transnational transport networks and hubs of some parts of the BSR, especially due to deficiencies in secondary networks and connections.

OPPORTUNITIES

1. Building on advanced co-operation of BSR regions and cities aiming at sustainable development and strengthening of competitive positions of the region.
2. Deepening of internal integration of the BSR, using the Nordic countries as a benchmark.
3. Possibility to pursue ESDP policy options through demo projects.
4. Possibility for E-BSR to avoid some planning and policy mistakes committed by the countries of W-BSR.
5. Potential for a long period of rapid growth in countries of the E-BSR; structural disparities in the Region, e.g. low labour costs in E-BSR actually providing pre-conditions for growth.
6. Strong potential to benefit from globalisation due to highly developed businesses and advanced ICT technologies in some parts of the BSR and from sizeable overall BSR market.
7. Major potentials for quality tourism development also infrastructurally weak regions.
8. Relatively low pressure on nature thanks to a low population density.
9. High potential for recycling of land including old military bases, old industrial sites etc.
10. Still high share of railways in freight transportation in EBSR.
11. High potential to absorb future transport growth through maritime services

THREATS

1. New EU-borders in the BSR resulting from EU accession of some countries.
2. Growing economic and social inequalities creating social and political tensions.
3. Unsustainable development due to a (partly necessary) focus on short-term benefits, with lack of cross-sector, integrated approaches.
4. Difficulties to meet “New economy’s” requirements in some countries/ regions, e.g. those:
 - Sparsely populated,
 - Having no strong urban base.
5. Regions of the Arctic Zone left in a semi-permanent dependency on government transfers and exploitation of raw material.
6. Growing pressure on agriculture regions in EU accession countries.
7. Too strong pressure from human activities on valuable landscapes and nature, including the coastal zones and the Baltic Sea itself.
8. Unbalanced development of the urban system, with rapid growth of some urban regions, decline of others.
9. Urban sprawl generating additional vehicular traffic and diseconomies of public services.
10. Declining level of public passenger transport services and heavy increase of road transport, due to weakness of more environment friendly modes.

KVARKEN-MITTSKANDIA SWOT

Infrastructure and communications

<p>STRENGTHS</p> <ul style="list-style-type: none"> • For the most part good infrastructure (roads, airport and harbours) • Energy surplus, including also the presence of oil- and gas in the North Sea • Ferry connection over the Kvarken straits 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Decreasing number of passengers • Ferry traffic dependent on ice conditions in the Kvarken area • Recurrent interruptions in winter traffic, due to the snow storms in Umbukta • Long distances implying long travel times within the area • Low road standards at other border-crossings hinder traffic in the wintertime and in the spring, when ice melts • Missing flight connections <i>Österbotten-Västerbotten-Helgeland</i> • Communication between the regions within Kvarken-MittSkandia incoherent and weakly prioritised • Co-ordination between different types of traffic under-developed • Infrastructure efforts focused around the big cities in these countries • Cross-border helicopter rescue services missing
<p>Opportunities:</p> <ul style="list-style-type: none"> • Improved east-west communications • IT development can contribute to overcoming the long distances • Ferry concept emphasising freight transport improves opportunities for securing traffic • Building of a tunnel under Umskaret ensures winter traffic between Sweden and Norway • Access to Atlantic gas resources ensured by building of a gas line • Free ports in Mo and Rana 	<p>Threats:</p> <ul style="list-style-type: none"> • The risk that ferry traffic in the region will end as government subsidies come to an end • Distorted competition in ferry traffic between Sweden and Finland due to maintenance of tax-free shopping in Åland traffic deteriorates survival opportunities of Kvarken traffic

Competence and markets

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Versatile economic structure • Extensive educational supply • Local food production and processing of fish • Interesting archipelago- and fjeld nature with great potential for creation of values • Internationalisation potential in membership of EU and EEA 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Labour market and enterprise markets under-developed • Region not a clear tourist destination within or outside the region • Co-operation within education under-developed • Little trade between the regions • Customs on the Swedish-Norwegian border • Insufficient job opportunities for well-educated youths • Obstacles for mobility across borders for e.g. students and pensioners • Limited number of female entrepreneurs
<p>Opportunities:</p> <ul style="list-style-type: none"> • University towns can function as locomotives of development • Increased co-operation between universities and colleges • Established networks of SMEs and colleges • Archipelago and fjeld experiences in demand amongst the tourists • Natural gas as a energy source and raw material for industrial production • Charter airport at Hemavan • Markets for regional businesses in Russia and Baltic countries 	<p>Threats:</p> <ul style="list-style-type: none"> • Lack of qualified labour in some areas and within some regions • Out-migration of women and young people • Long distances to large markets and between businesses

Shared values

<p>Strengths:</p> <ul style="list-style-type: none"> • Cross-border co-operation with a long tradition. Interreg II A has strengthened co-operation and brought with it many new actors and networks • Largely shared cultural traditions • Swedish language can be used in dealings between people • Consciousness of natural diversity in border areas, in Kvarken and in fjeld areas • Increasing cross-regional consciousness • Complementary cultural institutions 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • Unclear regional profiles and weak identity as border- regions • Inland and parts of Helgeland participate poorly in the cross-border co-operation • Health situation in some areas below the national average • Shortage of instruments for organising cultural co-operation
<p>Opportunities:</p> <ul style="list-style-type: none"> • Complementary cultural supply • Cross-border meeting-places for young people • Institutionalisation of cultural co-operation • Kvarken and Vega islands part of world heritage • Increased demand for natural and cultural tourism • Co-operation in physical planning in the border-municipalities 	<p>Threats:</p> <ul style="list-style-type: none"> • Deteriorating municipal and regional economy offering less resources for cross-border co-operation

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PO Box 1658

S-111 86 Stockholm, Sweden

Tel. +46 8 463 5400, fax: +46 8 463 5401

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