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## 4 Bridging Traditional and Experience Industries: Lessons from the Gnosjö Region

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### 4.1 Introduction

Gnosjö region is Sweden's most well-known, if not only (Johannisson, 2009), industrial district characterized by small and medium sized owner-managed firms. These firms are socially embedded by personal networks that provide a surplus of social capital. The region is reputable for customer-friendly designed products in metals and plastics going to business and consumer markets. As a result Gnosjö region has created many legends and myths in accordance to their industrial traditions that circulate in both academia and practice. Their closeness through church communities has at least created stories that there are strong informal in-groups present, which makes it difficult for outsiders to enter local community structures (Wigren 2003). It is however doubtful if Gnosjö region, more than in these myths, are in general more socially deviant than other local economies. The success of the business community is very much explained by its ability to constantly improve products and customize a technology to these products. Since the early 1980s there have been several more or less well planned efforts from all four municipalities to jointly develop tourism. For some reasons these efforts failed and already in 1988 the collaborative projecting was set on a low flame. Some conflicting opinions could be recognized amongst the many stakeholders about which destinations that should be included in the branding and marketing of the region. Even more severe is that the local/regional attitudes are locked into a strong, culturally founded conviction that "real" jobs are only created in the manufacturing industry that for centuries has dominated the region and certainly created its well-being. As a consequence of this jobs in tourism and experience industries with no traditional production technology are considered as no "real jobs". One challenge is therefore to change existing attitudes, which will promote entrepreneurship and growth in experience industries where tourism is included.

Tourism is part of experience industries (Mossberg, 2007). Tourism is included in the number of categories that build the basis for experience industries. The complete 15 categories of listed industries according to Swedish Knowledge Foundation and cooperation partners in R&D are following following: Architecture, Art, Computer games, Design, Experience-based Learning, Fashion clothing, Film production, Gastronomy, Literature, Marketing communication, Media, Music, Performing arts, Photography and Tourism.

The term 'experience' was intended to shift focus away from strict industrial customer perspective. That shift was carried out in order to redirect a new policy, which emphasizes the importance in the knowledge economy (KK-stiftelsen, 2000). A series of other internationally applied terms – such as creative industries, cultural industries, media and entertainment industries or copyright industries – have attempted to get at much the same idea. That is to call attention to the importance that creative and experiential business has for the economy in general, both as contributors to existing traditional industry and as a growing economic force by

themselves (Power & Gustafsson, 2005). Tourism has the biggest share of experience industries. The turnover of tourism in Sweden increased from SEK 191 billions (2005) to SEK 215 billions (2006). The number of employed increased with 12% (NUTEK 2007:09 & 2008). This tourism economic impact, account for more than the automobile industry in Sweden. Tourism is also a growing industry in the Gnosjö region as we further argue in this paper. Different publicly supported projects in experience industries aims at intensifying awareness towards service industry and promote new types of businesses in rural and sparsely populated regions. Tourism consists of many businesses giving different types of service to tourists and temporary visitors to a destination (Pesämaa, 2007a).

Some of the past literature on regional development in general argues that there are two main roots for innovations to emerge (Glaeser, Kallal, Scheinkman & Shleifer 1992; Chen 2002). Both roots strongly consider industrial quality under specific geographical contexts. Marshall (1890) as father of one root argues that local monopoly explains growth of innovations but he also elaborates on the positive externalities associated with industrial districts. Jacobs (1969) as mother to the other root stresses that local competition stresses innovations. She however also emphasizes that innovation more likely emerge in cities than in remote areas. Porter (1998) as a representative of the latter root more strongly calls attention to industrial quality. Tourism innovations are always place dependent, since tourism products, as part of the service industries, are produced and consumed in a specific location. This implies that there, as in the cultural industries, are limits to how the production can be rationalized. The newness and uniqueness of tourism products is rather contingent upon how both specific and total qualities of the tourism products are experienced by the guest.

“The quality of a visitor's experience depends not only on the appeal of the primary attraction but also on the quality and efficiency of complementary businesses such as hotels, restaurants, shopping outlets, and transportation facilities” (Porter 1998: 81).

In addition, the quality of the tourism product is dependent on how well competition at a local level and cooperation at a destination are coordinated. Typically, tourism destinations coordinate goals and decisions either spontaneously among the members or control most activities available (e.g. marketing, logotypes, websites, lobbying, attractions, activities, housing and transportation) hierarchically from one point. One typical reason for conflicts between the members is that the goals and decisions are at odds between those that share these. Therefore some argue that the latter hierarchical mode will likely diminish conflicts since communication reaches to the members from one point (Pesämaa & Hair 2007; Scott & Mowen 2007).

This paper examines following research question: How do actors in the four municipalities constituting the Gnosjö region try to support entrepreneurship in tourism and initiate (un)learning processes that will make possible to create the needed space for development of new businesses within the experience industries? Our purpose is two-folded which is dealt with in simultaneous examining processes: (1) identify and reflect upon localized, externally supported, learning about a new industry with a focus on local consumer services and (2) analyze how collective unlearning of the hegemony of an existing industry oriented towards industrial markets may be organized in a regional setting where the business community has a track record that for good reasons has created considerable self-confidence.

The paper is organized as follows. In the next section we outline a model which makes a point of departure for our reflections as regards the role of social capital in regional transformation. Section 3 gives an overview of our empirical approach while our field report appears in section 4. Section 5 provides our conclusions,

## 4.2 Tentative Conceptual Framework

Conceptually cooperative regional networks in tourism combine competition and cooperation (Pesämaa & Hair, 2008). They typically cooperate at a destination (i.e. regional level) but compete at a local level. This concept, which combines competition and cooperation, is by some researchers labeled 'co-opetition' (Brandenburger & Nalebuff, 1996; Bengtsson & Kock, 2000).

Cooperative networks in tourism mostly reflect a functioning destination. A functioning destination can share logotypes, folders, maps, venue tables, exhibition costs, lobbying for better public communication, coordinate excess capacity in lobbying, coordinate attractions, match guides to attractions, share public information bureaus and have one shared website. Boundaries of such destinations are set by natural (i.e. a mountain, an island, cultural identity), man-made attractions or by organizational boundaries such as shared formal membership (Pesämaa, 2007a, 2007b). These ingredients of cooperative regional networks typically come out in the way actors specify what constitute their membership in the particular destination.

In Sweden the Gnosjö region is recognized for its cooperative traditions that is a major building block in the entrepreneurial spirit that is ascribed the region (Karlsson, Larsson & Wiklund 1992; Karlsson & Larsson 1993; Johannisson 1996). The region is also known for strong religious traditions and high church attendance, low level of education, strong focus on manufacturing industry, strong local cohesiveness, and high level of small family companies and domination of men in the industry (Wigren, 2003).

Combining the existing literature on cooperative networks and literature in Gnosjö we expect to find generally traditional principles for cooperation (Abbasian, Pesämaa & Rylander 2008). In these traditional principles we account that definition of boundaries as well as shared decisions and activities encloses network conditions (Pesämaa, 2007b), which are further tied to cooperation and economic significance for the community. First, Scott (2000) refers to boundaries as basis for individuals (i.e. person representing an organization) opportunities within the region through which they operate. Our next assumption is that innovations entrepreneurial ideas within a region depend on how well shared goals and decisions can be pursued (Haahti & Yavas, 2004). There is also a wide-ranging number of studies claiming that well defined areas of cooperation (i.e. boundaries and basis for shared decisions) engender economic significance and ultimately to cooperation (see e.g., Contractor & Loranga, 1988). Contractor and Loranga (1988) is part of the joint venture literature. This literature approach joint ventures or temporal projects. The literature is here used to tie the relationships to issues that need to be solved and which may also contain a significant amount of needs to obtain financing and cope with risk. In addition we added to our model opportunities and threats as facilitators of entrepreneurial ideas. We also believe new emerging opportunities will face resistance or be released depending on the network conditions (Porter, 1998). Similarly, our model takes into account that some ideas may confront several types of obstacles or release firms from obstacles depending on same network conditions. This model framework (See Figure 1) is grounded for further analysis of our sample originating in the Gnosjö industrial district.

In order to grasp how the region may be transformed according to new global needs, the proposed model have to be further developed. Here we especially look into the role of 'social capital'. We recognize social capital as a relational asset to individuals, firms as well as collectives such as localities. When complex social structures such as a localised small-firm cluster, which are historically, culturally and socially deeply embedded, are to be radically transform into a new industry (such as tourism), advanced means of governance are needed. For a number of theoretical and methodological reasons we then think that social capital, and its origin in (localised) networking, is an appropriate such generic means. As much as social capital may

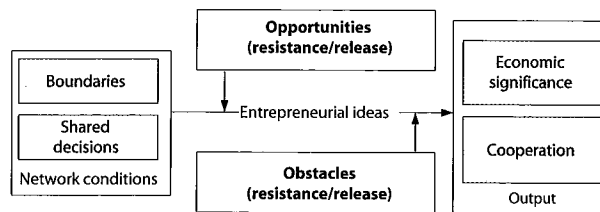


Figure 4.1. A model of relevant conditions for cooperation in an industrial district.

be perceived as both the origin and outcome of small-firm clustering it may also be considered as both an asset and a debt when a community is about to transform. We want to provide three reasons why we ascribe social capital a pivotal role in radical structural change.

First, all (small) firms and their leaders need and appreciate a rich personal network. Firms emerge out of the personal network of the founder and that network to a great extent is local (Johannisson 2000). Trust and social capital that the network provides the resources and legitimacy that entrepreneurs need to make their venturing career of (Stinchcombe 1965). 'Social resourcing' (Starr and MacMillan 1990) and 'financial bootstrapping' (Winborg 2003) pinpoint how connections are used to reduce the need for financial and human capital. Moreover, Davidsson and Honig (2003) emphasize how social, human and financial capital can be considered as substitutes in the context of entrepreneurship and small business. Johannisson (2008) presents a study of Swedish high-growth firms where the business leaders recognise social capital and human capital as much more important drivers in firm development than financial capital.

A second reason for focusing on social capital is the system itself constitutes a fundamental uniqueness. Collective resource thus embedded in localised businesses is of the foundation for industrial districts. This is particularly well demonstrated by research in Gnosjö region. The success of the Gnosjö region can neither be explained by privileged access to financial capital nor to human capital in terms of formal knowledge. What remains as a generic endowment is intense local networking, well documented in own research, cf. e.g. Johannisson 1983, Johannisson, Nowicki, Alexandersson and Senneseth 1994. Type of interaction and characteristics of established networking originating in commitment to place and mutual trust, the global links that individual firms build are made available to the other local firms. This makes all individual members of the business community considerably more potent than their internally controlled resources reveal. The business community as a collective becomes even more forceful and flexible.

The third reason for elaborating on the role of social capital in the context of community transformation reflects the dark side of social capital and localised business. Although the Gnosjö businesses do not only intensely nurture local networks but global as well, cf. Johannisson et al. 1994, and even if those included in the local networks have equal access to its collective social capital, not all those who are living in the region are invited to participate in social activities, cf. Wigren 2003. This closure does not only reflect unfair treatment of fellow community members. It also reveals a lack of openness to new ideas. This indicates that the localised social capital is biased towards 'bonding' social capital, at the expense of 'bridging' social capital, cf. for example Davidsson & Honig 2003. Even if we think that the power of bonding social capital has been underestimated, in general as well as in the Gnosjö region, cf. Johannisson 2000a, it may also hinder not only external influences but also internally initiated change processes. This means that bonding social capital may create a lock-in, cf. Grabher 1993.

As indicated, since the Gnosjö region is well endowed with social capital we think that the re-orientation of the Gnosjö region and its business community towards the emerging experience economy to a great extent is dependent upon how its bonding and bridging capital is used. Rather than eroding the self-confidence and collective efficiency that the dominating manufacturing industry possesses in order to create space for new industries, recognised persons and established businesses have to be encouraged to become actively involved in complementary activities. After all, the Gnosjö region business community has managed to successfully bridge between two manufacturing sectors (light engineering and plastics). Furthermore, successful ventures in the experience industry, such as the Isaberg ski resort, may be used as role models for successful venturing in the new economy. The industrial museums as well as a local theatre play featuring old times in the region open up the minds of traditional owner-managers and possibly make them start reflecting about how such cultural events may be commercialized. Since presumably venturing in the experience industry more than manufacturing invites female entrepreneurship such activities opens up for family businesses which are diversified in the gender dimension.

There is an obvious need for many tactics in order to break through the barrier to change that social capital that is too strong may create. The difficulties are illustrated by the career of 'Big' Bengt Erlandsson, the founder of the High Chaparral Wild West amusement park. Only few recognize him as also an important and successful dealer with production equipment for the local firms: generally he appears as an outsider in the region. Stories are told that suggests that he is not reliable as a business person, thereby eroding his social capital. On the other hand bonding social capital make the business community resistant to fashionable initiatives from the outside, such as the creation of a regional industrial-development centre, cf. Johannisson 2000a. Thus, the inertia that (bonding) social capital creates does not only hinder change but it also builds sound scepticism as regards external initiatives that threaten the socio-cultural assets, including local tacit knowledge and learning capacity, which have benefitted the region.

### 4.3 Research design

The focal unit of analysis is the Gnosjö region. To approach this unit we have selected key stakeholders as representatives of voices of Gnosjö region. In addition we have conducted a literature study, examined public community sources (i.e. websites and statistics) to complement our interviews with key stakeholders. The information from the various sources is the platform for what we from this point and forward consider as interactive research activities.

Interactive approaches are permeated by a collaborative process between researcher and actors/practitioners (Gunnarsson, Johannisson, and Stjernberg 2008, Svensson 2002, Westlander 1999). This means that we have been active in cooperating with local actors and in dialogue supported them in their developing projects. Since one of the authors have spent more than three decades doing repeated research in the Gnosjö region it has been possible to contextualize the more recent inquiries.

The interactive approach have its roots in "action research" which was first brought to the academic arena by Kurt Lewin (Marrow 1969) and later also found in sociology with the term "participant observation" (Sullivan 1953). In the 1960s these ideas of action research and participant observation where developed to encounter models which moved more closely to focus on non-patient situations, in which mostly groups worked to facilitate new innovations, leadership training and theme oriented discussions that would facilitate new innovations (Rogers 1967).

These ideas also brought to the Scandinavian context and tourism (von Friedrich Grängsjö and Gummesson 2006) and using the term interactive approach.

The idea with an interactive approach is strongly related to change and innovation. The researcher is expected to contribute with ideas and also re-consider these ideas as in any traditional idea generating process. One assumption with this interactive change approach is the emphasis of a group. All subjects (i.e. persons) are presumed to have a role both in the thematic coherent group, which is certain its own inherent rules and norms. In addition, the group, as the core entity, bears the rules and customs of their close society.

In the results section we briefly report background economic information of the overall region. These document studies are followed by introducing special tourism attractions having an important role for the focal region. Our paper is complemented with 19 interviews which are conducted in a semi-structured way. The persons interviewed were municipal practitioners as well as entrepreneurs within tourism and design. The analysis is based on the model as presented in our framework. Each interview was followed up by either an individual dialogue with municipal practitioners and entrepreneurs in tourism or in group. To support the individuals as well as the group with training, feedback was provided. We also performed two hands-on workshops in the region, where the four municipal tourism coordinators, politicians, entrepreneurs and the research group contributed. The first workshop had two main purposes, first allowing the tourism coordinators to discuss and offer their perspective on the shared project. A second purpose of this discussion was to validate their answers to questions by letting them one by one reading their own responses. This exercise gave explanations to conflicting perspectives and bridged between differences and similarities in the particular group. The second workshop examined the thematic area of *design* in manufacturing and tourism industries. Here a wider group of municipal officers, politicians, entrepreneurs and researchers participated. In addition three open seminars were held open to the public with the topics of art, design and culture and competence development in tourism (these attracted around 80–90 people each). Besides, ideas and actions emanating from the cooperation between practitioners and researchers have been presented and discussed at three regional meetings with the municipal politicians and chief officers.

#### 4.4 Towards Entrepreneurship in Experience Industries and Tourism

##### THE PRESENCE OF EXPERIENCES INDUSTRIES IN THE REGION

Gnosjö region is today determinant about intensifying services and match their attitudes towards new industries such as tourism. This intensification will likely generate jobs created in female dominated sectors. This change of attitudes will challenge the social structure as well as the existing business characteristics in the region (Rylander & Abbasian 2008). But, there is also awareness in the region that experience industries, especially tourism, have big potential to substitute for other declining industries in the region. One potential is the presence of hotel and conference facilities including other lodging. There are more than 90 different guest facilities (e.g. hotels, Bed & Breakfasts) with about 4250 beds. There are also about 40 small and large sized conference premises. The municipalities earn from tourism in different ways, some of them through offering tourists different kinds of experiences (Gnosjö), another one through better hotel facilities (Vaggeryd) and the others through offering tourists different kinds of service like shopping and retail trade (Värnamo respectively Gislaved).

While the region is well-known for its informal collaboration between (manufacturing) firms, formal cooperation has had little success. The industrial development center that was established in the 1990s only recently (2008) was closed down as an independent unit, once reason being that it challenged 'the rules of the game' in the region (see Johannisson, 2000). As indicated, since 1980's there have been sporadic attempts by the municipalities to reach closer collaboration within tourism but they never succeeded to develop a real and systematic cooperation in this case. In 1984 Småland West was established as a coordinating body. After four years the collaboration collapsed due to disagreement. Since 1997 the municipalities cooperate in a Municipal Union that is concerned with cross border issues. Until 2007 it never dealt with common tourism issues in a systematic way. Politicians and municipal managers from the four municipalities meet every second month. The four municipalities are also members in a larger regional network called *Region of entrepreneurs*, altogether consisting of 13 municipalities in three counties. This effort will hopefully also generate positive effects for tourism.

The municipalities have by themselves developed both local regular long term tourism programs and local general plans to promote tourism. Even though the municipalities compete with each other in attracting visitors, they need simultaneously a well-developed regional cooperation between themselves to compete with Swedish major attractions like Åre, Gotland and Swedish metropolises. Each municipality in other words is small and unable to take this challenge by itself (Abbasian, Pesämaa & Rylander 2008).

The Gnosjö region provides two examples of early entrepreneurship in tourism. The oldest is *Isaberg* – a minor mountain for skiing. It developed as a ski-destination during the 1930s and was equipped with more facilities from 1971 and especially since the turn of the millennia. It is the biggest ski-resort in southern Sweden and the country's second oldest ski-resort after Åre in the mountainous northern Sweden, although Isaberg is only 310 m high compared to Åre's 1420 m. The largest groups of visitors at Isaberg come from the adjacent lowland countries Denmark and the Netherlands, in total ca 400,000 visitors per year. A large share of them comes in the summer since Isaberg offers summer activities as well. The other example of pioneering tourism is the Wild West amusement park *High Chaparral* – founded in the 1960s – it has 350,000 visitors every summer. Besides, the *Store Mosse* National Park is the largest bog area in Sweden south of Lapponia. Store Mosse attracts every year 100,000 nature enthusiasts from all over Europe. Another nature and sport experience is *Nissan River* with possibilities for fishing and canoeing. A fifth attraction is *Scandinavian Raceway at Anderstorp in Gislaved municipality*, which offers car racing.

The cultural heritage offers further attractions. Several old industries are now used as museums, beside churches and monasteries from the Medieval Ages, old castles and country estates, flying and exercise fields used by the army until 1950's. However, each of these is minor in comparison with the attractions mentioned upon. Family businesses run by couples in which women have a significant role include small tourism enterprises like Bed & Breakfasts and horse riding. The latter activities are often either run part-time basis or only during the summer season, sometimes by Danish, Dutch and German immigrants (Rylander & Abbasian 2008).

## INTERVIEW ANALYSIS

### Boundaries

Our first interview question concerns definition of 'regional cooperation' and its significance. This question focuses on boundaries from the eye of their perceived utility which further reveals the functioning boundaries of the cooperative network. The respondents exemplify different projects as well as groups that reflect the boundaries of the network. Most of the respondents



bring up that cooperation is multifaceted, which means it is developed in part by organizational goals but also individual initiatives. They emphasize that much of the cooperation has a municipality perspective and refers to the already existing union of local authorities and the group of municipal councils which have regular meetings. Other bears a broader destination perspective with the current cooperation projects (including tourism) between the municipalities as starting point. The regional cooperation is said to benefit tourists with increased supply and service, and the region through more economic power. In addition and as a feedback to our suggested model, there are no natural or cultural boundaries between the Gnosjö region and its surrounding counties. The region belongs to a larger region (Småland) consisting of three counties with same landscape, and same culture and tradition of successful small entrepreneurship.

### Shared decisions and activities

Most overall common decisions (e.g., major shared projects) are made by municipal politicians at higher level. Again, these meet organizational goals. Other decisions like participation in exhibitions, brochures, advertisements, maps, trainings, study trip for summer staff, and common meetings are conducted based on individual bonds between tourism coordinators. They have the experience that their past experiences work and within the frame of tourism cooperation organization Småland West. Yet there is no agreement between the respondents on a really existing common decision forum in the region. Some of them mean that such forum doesn't exist while the other mention tourism coordinators' network *Småland West* as such forum, or the group of politicians and municipal chief officers, or the newly established Common Economic Association *Smålandsriket* which aim is to promote new industries in the experience economy in close cooperation with researchers.

### Obstacles

It is evident that different obstacles appear, in different levels and different meanings. Some obstacles are strictly derived from organizational reasons other however are personalized. One organizational reason is the four municipalities think too independently and from a territorial municipality perspective, instead of focusing on the overall destination and common goals. There are also individual obstacles. The individual obstacles typically originate inferior developed communicative skills or routines. At a meeting in Hestraviken in Gislaved one of the respondents exemplify how information sometimes reaches the individuals political organization, since h/she has a political mandatory, instead of reaching out to the overall community.

Another obstacle at the organizational level is there is stark competition between the small municipalities. The respondents believe one reason to this is organizations goals, visions and issues within each municipality have its own portion of differences plus their different views on cooperation and different economic resources available, which makes it difficult to share liabilities in a fair way. Especially, since interest are different and each community have their own community "purse" to show consideration for.

Another obstacle is at an entrepreneurial level. The respondents emphasize that some perceive that small tourism enterprises often has a disadvantage vis-à-vis larger. One example of these disadvantages they say is interpretation of legislation. A practical example in tourism concerning their ability to have signs along the road and other advertising such as they offer food. Some of the small businesses feel they just do not have the time. They are "life-style" entrepreneurs and combine the business with a part-time job and other family commitments. They are also members of local political, church or other organizations.

Yet, at another level they mention obstacles related to improve the preconditions for developing the business in tourism and design. The authorities, according to the entrepreneurs, could support in more efficient marketing and professional leaflets, reduced fees on municipal permits about building and sewerage, offer network, support with horse paths. Finally, they also mention another obstacle which is related to the entrepreneurs' willingness to expand their business. Different ways mentioned to do this are: prolonging the season, more time, fantasy and patience, better contacts with authorities especially in case receiving advice and economic aid, improved network with cooperation partners that leads to more customers.

### **Opportunities**

Opportunities are also led by organizational as well as socially pursued goals. First, the organizational opportunities arise from a long term undertaking between the municipalities. Here, the respondents exemplify that new opportunities keep coming through their shared tourism information offices, a shared website for "Småland West", a shared formal organization, shared goals to develop new business concepts with tourism enterprises, shared distribution of maps and brochures, shared intentions to develop a personnel pool for tourism information .

At a personal level they emphasize that regional tourism corporation in which municipalities and tourism entrepreneurs (minors and majors) are part owners but the municipalities have a leading role. This also means that individual much take responsibility to establish new opportunities.

### **Cooperation**

Cooperation is also established on the basis of organizations and individual efforts. First, there is a shared intent to develop a stronger forum around Store Mosse, which was initiated in January 2008 jointly by the four tourism coordinators and the R&D project mentioned above. It gathers around 50 entrepreneurs at each meeting. Mostly cooperation seems to be dependent on individual efforts, especially those in larger firms. But, first they exemplify this by the fact that entrepreneurs work with nearby businesses which either are suppliers or in other ways are linked to their business. That said, businesses are interdependent on each other to produce their items and services. Besides that, the businesses cooperate with print of leaflets and advertising. As forecasting future cooperation, they identify a stronger need to become cost efficient in marketing and advertisements, increased supply for tourists, better structure, to get major tourism enterprises to be locomotives which can attract much more visitors to the region, networking and finally better public aid. Efficient cooperation is also said to demand endurance for a long term process, learning from each other, better communication, more precise goals for cooperation, a win-win situation for all parties including minor enterprises; defining of rolls, responsibilities and the target groups; and coordination of measures. Among the suggestions the respondents mentioned the need of a more clarified agenda and an improved cooperation with the manufacturing industry.

### **Economic significance**

The most established and important role of cooperation are very tangible at the moment we asked this question. Most of our respondents call to mind the annual "map" which illustrates the most crucial attractions as well as to some extent offer information about events. They also agree that the public tourism information is important. Then they add that common advertisement and participation in exhibitions contributes to attracting new tourists to the region.

This helps the region to be more visible and simultaneously the visitors get more alternatives to choose between. Finally, a common regional education for the tourist information offices' staff is suggested by several respondents.

### Synthesis of analysis in perspective of the region's surplus of social capital

Individuals are part of a social group, which becomes the basis for their decisions as well as their motivations to strengthen ideas through the group (Scott, 2000). The social group which is perceived the fundamentals for the social capital can strengthen economic significance and the value of cooperation. Our analysis points out that cooperative efforts within Gnosjö region are practically oriented (e.g., shared: map, exhibitions, marketing activities, provision of education and database of consumer information. All of these practical outcomes are results of social capital, which emerge at various levels (i.e., individual, entrepreneurial, organizational and community level). We believe there is need to discuss these principles through hands-on collaborated activities.

Within social groups it is also common that personal or organizational needs differ (REF). This came through explicitly as we found that opportunities and obstacles of the region differ between the actors, which may indicate that there is an ongoing debate and learning process about what and in which direction to target future efforts. Our impression in our interactive research, that is the interviews but also discussions during the workshops and open seminars mentioned above, is that using the term Gnosjö region as a symbol value and trade mark is not popular enough to build a new regional identity connecting to tourism and experience industries. To reach the final goals (a new common Destination design and a new Regional identity) the municipalities need to supplement their own local identities and cooperate for a common identity in which all compete, cooperate and get benefit. The term Gnosjö (Gnosjö region) is a big name associated with a glorious industrial epoch but it is time to create a new term to bear a content of experience and tourism.

Our analysis has another important aspect. We found that most of future challenges are to improve interaction by having more individuals active in developing the region. Next, the respondents also emphasize the importance of locomotive companies as major key entrepreneurs in the shared endeavors.

The interviews show that a more developed network between the municipalities is needed. In addition more competence development and using new technology improve the communications between the practitioners, as increased cooperation with universities gives better access to databases and strengthen this cooperation. It can also be emphasized that there is an intention and policy to build a working group consisting of tourism coordinators, municipal chief officers, and municipal directors of commerce as well as industries representatives. It is also exclusively stated that selection of industry representatives will be chosen from tourism enterprises.

## 4.5 Conclusions

Our findings show that development in the Gnosjö region is conducted part by organizational goals and planning efforts and in part by more or less spontaneous individual endeavors. The Gnosjö region as an industrial district obviously is a very potent region although the global transformation from an industrial to a knowledge economy with its experience industries calls for fundamental change. This is a pressure this region shares with other industrial districts in Scandinavia (Johannisson, 2009). We inquired into how Gnosjö region might initiate learning

process in tourism and other experience industries. Our interviews explicitly show that there is a good start of this process since they can specify a number of activities as foundations for their regional cooperation. As expected we also found that opportunities and obstacles of the region differ between the actors, which may indicate that there is an ongoing debate and learning process about what and in which direction to target future efforts. Bonding social capital within the region causes resistance to entrepreneurial ideas in experience industries, while growth in bridging social capital may release them within a collective unlearning process of the long-time hegemony of manufacturing industries.

The challenge is to keep the dynamics with a strong regional identity and complex social embeddedness while reorienting both what products and services are provided and how they are provided. Women and local new Swedes as well as outside expertise must be invited to join the informal networks. This means not only reforming the mindsets of the majority of male owner managers in traditional manufacturing firms, but reorienting the attitudes and values that make the local culture.

There is an obvious need for many tactics in order to break through the barrier to change that social capital that is too strong may create. Since the Gnosjö region is well endowed with social capital we think that the re-orientation of the Gnosjö region and its business community towards the emerging experience economy to a great extent is dependent upon how its bonding and bridging capital is used. Rather than eroding the self-confidence and collective efficiency that the dominating manufacturing industry possesses in order to create space for new industries, recognised persons and established businesses have to be encouraged to become actively involved in complementary activities. To develop tourism and other experience industries in Gnosjö region the attitudes thus have to be changed: attitudes from the general public especially gender-based attitudes towards these industries and these kinds of jobs, and attitudes from the business community and local authorities towards a better planned regional cooperation and towards a new common identity.

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