

From path-dependence to path-shaping: institutional dynamics in regional transformation

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Abstract:

The evolutionary economic geography literature on regional development tends to focus on industrial and knowledge dynamics as sources for novelty creation when explaining new development paths in regions. Institutions, viewed as durable structures specific to a region, enter the analysis mainly to explain path-dependence and lock-in processes. In doing so, it takes the existence of institutions more or less for granted and treats these as largely static, ignoring institutional dynamics. Moreover, the strong emphasis on regional institutional conditions has back-grounded the role of sector-specific institutions. The paper argues that prevailing conceptualizations of institutions in regional evolution and transformation are in need of revision.

To do so, the paper draws on literature on socio-technical transitions and neo-institutional theory as complimentary theory to specifically investigate institutional dynamics in regional transformation. Drawing on the notion of sector-specific socio-technical regimes, and the degree to which such regimes are institutionalized, the paper considers which institutional field logics are dominant and which ones are emerging in the transformation of the Swedish paper and pulp industry towards biorefinery-based production systems. More specifically, the aim of the analysis is to specify how sector-specific institutional dynamics in this transformation process plays out unevenly across different regions. Analyzing the interplay between regional and sector-specific institutions, the paper demonstrates that institutional conditions can in fact be a source for novelty creation and regional path shaping. This requires however a more dynamic perspective on institutions that emphasizes the role of institutional change.

Keywords:

Institutional dynamics, regional development, regime, biorefineries, pulp and paper industry