Paper to be presented at the 40th European Congress of the Regional Science Association, Barcelona, August 29 – September 1st 2000.

Draft

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PUBLIC LEADERS IN REGIONAL ECONOMIC DEVELOPMENT

> Some people say there's no use to change the world. But if we don't try, will it change?
> *Jonathan Mann, 1947-1989*

ABSTRACT

This paper focuses on the role of public leaders in regional economic development from a community-building point of view.

According to the basic hypothesis and being inspired by the chaos theory, we argue that leaders have decisive roles during unstable periods or chaos in a society when a very small fluctuation may qualitatively change the direction of development. Our second point here is that leaders will always be in key positions on economic peripheries where a general lack of human resources and a thin institutional thickness exist.

The theoretical discussion refers to Weber's/Schmalenbach's "emotional community"/"Bund" concepts and Gumilev's theory of ethnogenesis and tries to plant these approaches within the present day framework. The empirical case study describes a perfect leadership and a successful community-building process in Emmaste Community, Estonia.

Key words: regional development, leaders, charismatic governance

1. Introduction. Leaders behind the cultural change

Culture is the most stable element of society. It changes through history and is interrelated with spatial and social processes and with ongoing internal communication within the region, nation or religion. Culture directs lifestyles, personal values and attitudes, and the way things are done in a particular society. Because of the culture, people know who they are, what is important and what is not. People within the culture share common values and feel togetherness; they have the cultural identity.

The changes in the culture appear through the process along with institutions are created and modified. New values and identities are obtained. As the economy has grown in size in the world year by year, the cultural capital has increased too and created more and more different social forms in society. "Horizontal" cultural and regional-local fragmentation takes place simultaneously with "vertical" economic

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globalisation and standardisation within the so-called global village (Dicken 1998).

Institutional thickness rooted in the region survives in institutions due to their reproduction. It constructs and archives commonly held formal and tacit knowledge, creates institutional flexibility and innovative capacity, extends trust and reciprocity and mobilises the region with speed and efficiency (Amin and Thrift 1994). However, this is an ideal picture.

Institutions guarantee stability but change slowly. Many institutions that are locked into routine practices (Maskell and Malmberg 1996) and lack innovation may damage positive developments and establish a negative milieu and image with its own people and investors abroad. Hudson (1994) described institutionally thick, large-scale industrial regions where strong trade unions and labour-class-minded behaviour actually hindered regional restructuring significantly.

Amin and Thrift (1994) willingly admit that what is important is not the presence of institutions *per se*, but rather the process of institutionalisation: underpinning and stimulating diffused entrepreneurship that is a recognised set of codes of conduct, supports, and practices which certain individuals can dip into with relative ease.

Difficulties with the existing institutional set up first emerge during the rapidly changing economic conditions when firms and whole regions are forced to carry out quick reforms. This procedure can be extremely difficult and time-consuming in the case of a large and rigid institutional framework. Failures in reforms may result in worsening business milieu and weakening competitiveness of regionally-rooted enterprises. Economic and social problems due to the high unemployment and cultural decline may develop.

Innovators and entrepreneurs from the outside are often not welcomed to act in "sleepy regions", where locked-in institutions and networks do not practise institutional learning and are just trying to perpetuate the existing structures and behaviour. The problem here is, however, that usually the marginally behaving groups seldom win in the normal democratic process and get authority to carry out respective changes.

Leadership quality matters, especially for today's business elite (Whittington 1993). Kotter (1996) argues that in the turbulent, fast-changing environment of the 1990's leadership, not just plain old management (planning), was required. Current business

literature stresses quite extensively the importance of strategic leadership (see further Kotter 1988, 1996, Bennis 1994).

Leaders need to have a strongly-defined sense of purpose and the ability to create a clearly articulated vision. It means actually living with the vision, embodying it, and empowering every other person in the organisation to implement and execute it in everything they do. Effective leaders create not just a vision, but a vision with meaning. They create trust, because the vision has to be shared, and the only way that it can be shared is for it to have meaning for the people who are involved in it (Bennis 1997). It's only through leadership that you can truly develop and nurture a culture that is adaptive to change. Leaders usually understand culture at some gut level (Kotter 1997). Leaders don't think of their associates as "troops", and the associates don't think of their leaders as "generals" (Bennis 1997).

The literature about a public leader's role in development still seems to be quite scarce. Greenstein (1998) analyses in his rather empirical review the roles of Gorbachev, Reagan and both state secretaries in the global politics of the 1980's and opposes strongly historians and political scientist who still doubt Great Persons theories:

> The argument that the personality of political actors is of no interest because it is difficult
> to study has no more merit than that of the drunkard who lost his keys in a dark alley and
> searched for them under a street lamp, declaring, "It's lighter here".

Public leaders and key persons have been mentioned more often in regional and micro-level economic studies literature (Rokkan and Urwin 1983, Paasi 1986a&b, 1996), but very few concrete studies have been carried out.

2. Leaders in regional and innovative development – earlier approaches

Applying the leader approach in regional development, we have substantial support from the critical statement of Erik Rudeng (1989) ten years ago:

> It is just a matter of time when this perspective, with its heavy emphasis on pioneers,
> innovators, entrepreneurs, will also influence regional studies. These studies have
> generally been strongly structure oriented, with demographic and macro-economic
> processes at the centre of theoretical concern and competence… It is hardly a secret that
> the resulting perspectives will also entail a fresh look at the role of "elite's", which – as a

esearch topic – have lead a somewhat discreet life on the Nordic stage during the last decades, screened behind the dominating ideology of the welfare state.

It is actually quite an interesting issue why Western regional development literature has been quite scanty in analysing leaders' roles in local development. For instance, Paasi (1986b) regards leadership as a precondition for the formation of human groupings. The key persons or ethnical activists, as Paasi called them, are usually more educated persons, intelligence. They create the precondition for the birth of consciousness: somebody should take care of classification, create common symbols and bring them finally to people's minds. The presence and ability of these people in the formulation and implementation of ideas, creating contacts and motivating people to action is crucial. In his later work Paasi (1996) describes the activity of a young Director General of the Värtsilä Company, Wilhelm Wahlfors, who initiated many projects in local life.

Alart and Starck (1981) stressed the role of persons who are able speak and write in media, manage in political discussions and divide their own ideas about the territory. Because of the media and mass communication, their role in identity formation is growing. True, creating and maintaining symbols for a region is the task of public and civic institutions and their leaders as well as articulating the image of the region, also certain activities (traditional events) and objects (natural, historical or cultural memorials).

Rokkan and Urwin (1983) called local priests, teachers, community leaders and people of culture in their centre periphery model "peripheral middlemen" or "rule adapters" who often opposed central agencies and rules and defended local interests against national (central) bureaucracy. Wallerstein (1984, cf. Kleijsen 1999) sees the role of the elite in the formation of discourses essential. The formal and sometimes informal community leaders will create, develop and share their ideas with their students and followers.

Hetherington (1994, 1998) sees the core of *"Bund"*-type small scale, transitory and elective social grouping based upon a shared emotional commitment to a particular set of values and beliefs often focused around a charismatic leader. A leader's role in creation conditions of support, friendship, and solidarity is important as well as creating a structure of feelings within the process of identity formation.

Motivation procedures in the public and third sectors are concentrated on general cultural milieu, comparison with others and clear goal setting. When public and civic structures are weak, then the leader's role in defining goals, raising popular activity as a paragon, initiating activities via organisation and raising funds will be crucial.

If we have under the question external help of these societies we must consider that this development initiator, particularly an external one, had to have (or gain) access to existing local information through social and institutional networks. The local initiator had to become a local development agent interrelating different local actors and institutions with each other and motivating them to collaborate and to work for a community (Sweeney 1985).

The successful local initiatives are mainly indigenously-trigged and oriented towards the mobilisation of local entrepreneurial resources, economic diversification, introduction of new products, upgrading skills and introduction of new organisational forms for economic, cultural and training activities (ibid.).

The European Commission established the LEADER programme in 1991 under the Community Initiative Framework. It continued 1994-9 as LEADER II. The LEADER Community Initiative assisted innovative approaches to rural development put forward by actors at the local level. To help rural associations and local governments exploit their potential better, the emphasis was on the innovative and demonstrative nature of projects, the exchange of experience and trans-national co-operation. In general, according to its guidelines, the programme was mainly focused on institutional support, or so called collective bodies (EC 1994). However, in reality it often achieved its semantic goal: opening local societies and fostering and motivating activities among local public and civic leaders or community entrepreneurs through training.

The Finnish Government is funding the POMO Local Initiative Programme as a tool, like the LEADER programme, for rural and island development in certain

Figure 1. A cartoon from the POMO programme leaflet.

sub-regions and groups of communities (POMO 1999).

3. Leaders and charismatic governance in institution and region building

3.1. "Charismatic governance" – the old heritage of German Sociology

Weber (1968) proposed a trichotomy of legitimate authority: legal rational, traditional and charismatic. The last one is not supposed to be unconscious and irrational at all.

Schmalenbach (1922, cited by Hetherington 1998) sees the role of charismatic governance and charismatic leaders respectively (charisma implies obedience to the will of a leader) in the transformation of traditional authority into rational authority. He establishes three forms as a basis for social action (Figure 2) which correspond to his social forms:
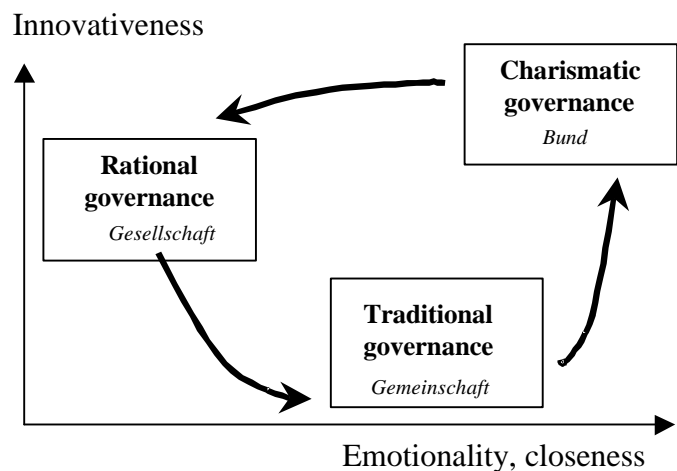
Figure 2. Evolutionary approach in governance. *After Weber (1968) and Schmalenbach (1922, cf. Hetherington 1998).*

1. *"Gemeinchaft"*: traditional social action and governance;

2. *"Bund"*: affectual and value rational social action and charismatic governance;

3. *"Gesellschaft"*: instrumentally rational social action and legal rational governance.

Bund cannot exist without some form of centrality. As an organisational form it is a charismatic mode of governance to which individuals submit themselves. This is not the same, however, as saying they submit themselves to the will of individual leaders. Rather it is an expression of the subjectivised occasionalism that those engaged in creating these types of identification are active in promoting. One commits to the group one has joined and its core values rather than to a person (Hetherington 1998). Quite often, some sort of common spirit of feeling emerges that joins the group together and attracts new members.

Among emotional communities a generalisation of charisma within groups seeking to disperse this "substance" to all members of the *Bund* in the form of "energy" of "commitment" will be favoured over charismatic leaders. Charisma in this more

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general sense is likely to be perceived as the basis of an authentic, unmediated interpersonal relationship expressed through performativity of the occasion as well as within a *Bund*, rather than through the adoration of a leader. Such an emphatic relation comes to be seen as unmediated and direct, based purely on feeling and trust. The significance of charisma in a *Bund* is the focus it provides for flow experiences as a source of individual governance (ibid.).

3.2. Passioners (charismatic leaders) and development cycles

Gumilev (1990) put forward two moving groups of a society

1) **Passioners** are very charismatic and powerful people with their own clear vision about the future and will to achieve goals. They have great capability to mobilise people into action. They are highly motivated at working to achieve certain goals.

2) **Subpassioners** cannot completely adapt the social system. They lack social networks, need additional energy and lack (local) morale, but can be easily mobilised into the revolutionary actions carried out by passioners. The number of subpassioners increases when general ethnic activity (common identity basis) decreases. This group's share is comparable with entropy-eroding cornerstones of an existing system, which gives passioners opportunities to change the system more easily.

Passioners – as energy bombs – attract and fire activity in other people with greater energy and, eventually, in "normal" people with lower energy as well (ibid.). During a short period of time (a year or two), most people in the society will be very enthusiastic, having very strong feelings of togetherness and identity.

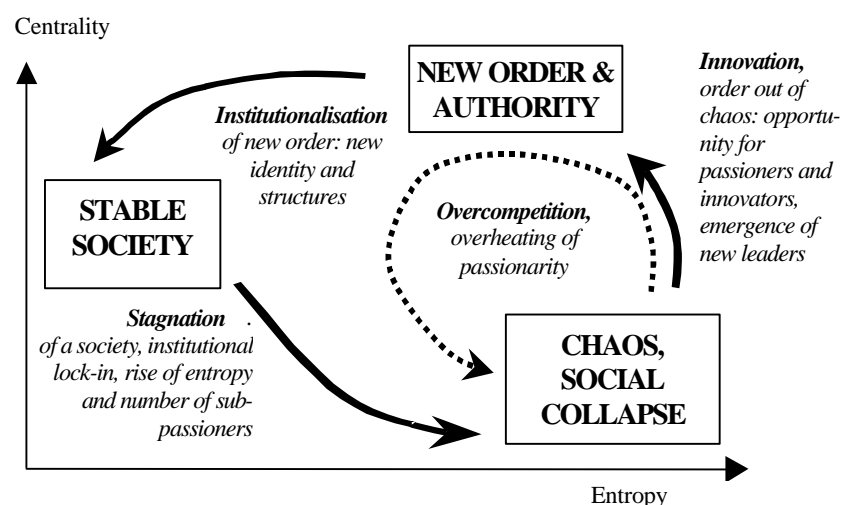Often in a classical revolutionary situation passioners

Figure 3. The basic mechanism of ethnogenesis.
After Gumilev (1990).

mobilise subpassioners first – people without their own vision and interests, usually the lower class who have only shackles to lose. Later they mobilise the general population (Gumilev 1990). Lenin and his rather small group of revolutionists successfully mobilised the purest group in Russia first: the proletarians.

This thinking fits well with the discussion about corporate management, where there has also been references to Lenin as the modern manager of today. Bass (1985) refers Trotsky, who believed that Lenin led a successful Communist revolution in a primitive pre-capitalist society, and that it was the sheer persuasiveness and determination of this one individual that allowed the Revolution to prevail.

"Passionarity" ("*passionarnost*" in Russian) is a key notion in Gumilev's theory of ethnogenesis. According to his view, passionarity can be considered an action of an individual or an ethnic group to achieve a certain goal (also illusionary objective) and the ability to work enormously hard towards that goal. Passionarity is characterised by the dominance of social needs (for leadership, to belong) above physical needs (Maslow's pyramid reversed). Passionarity is a phenomenon that arises in order to change the environment and/or to carry out self-fulfilment (Gumilev 1990).

According to Gumilev (ibid.), passionarity can be characterised as a specific type of biochemical energy, which might help people manage in extraordinary situations and give them enormous energy to achieve their goals (changing dissatisfying environment). The "passionate impulse of behaviour" is directed sometimes against the instinct of personal and collective self-existence and has the vector that opposes basic instincts.

Gumilev (ibid.) also defines the "symptom of passionarity", which is not a social phenomenon but a genetic recessive symptom allowing the personality to absorb a biochemical energy from the outer environment and to concentrate it on achieving social goals. Gumilev speaks about "passionarity push" when there is a micro-mutation somewhere and many ultra-active people with the symptom of passionarity appear. According to theory of ethnogenesis, the result of this phase is often the birth of a new ethnic group. During this period, the number of people obtaining the symptom of passionarity increases over the critical level and causes, as a consequence, revolutionary changes.

Revolutionary changes led by passioners may more likely occur when a situation of general instability exists or when the existing institutional set-up is hindering new

development and a high degree of dissatisfaction (a high share of subpassioners) exists in a society.

3.3. Charismatic leaders as agents of change in regional/local development

Following the theoretical discussion above, we can outline some important conclusions with respect to regional development policies. First, high and low identity periods were noticed again. During some periods people assume "high energy" behaviour and can be rather easily mobilised to community action. A common territory – nation, region, or locality – has often been one such idea focused on.

Such high-energy periods occur as a combination of social, economic and, to some extent, biological cycles. During a high activity period, the majority of people are feeling strong group and/or territorial identity and are emotionally receptive to new ideas that will hopefully change existing power and social structures. There is great hope for the future.

Leaders have always played decisive roles in turning a society in a way "crazy". Revolutionary changes need charismatic leaders – so-called passioners – who are capable and willing to lead crowds to new heights and to push people and institutions through changes. In many cases they themselves are the main reasons for changes. Leaders, not managers, produce changes in politics and business.

However, successful changes are not based simply on strong personalities. The overall success depends on their ability to build up new teams and systems as well as on the managerial process to leverage and add substance to their visions and energy. It is this interaction of charisma, attention to systems and process, and involvement at multiple levels that seems to drive large system changes (Nadler and Tushman 1990). So the education and knowledge base of leaders is crucial enough, especially in the complexity of the contemporary world.

The emergence of great passioners who are able to be catalysts for social change could be seen as a combination of biological and social processes. Genetically-capable people should obtain the necessary education and have challenging but at least partly supporting social experiences that allow them to gather the necessary "political capital" and mobilise followers. In other words, a youngster with "too much" biological energy

growing up in a ghetto environment may easily turn out to be a criminal or the head of some gang if his energy cannot be channelled for the benefit of the community.

The emergence of the "revolution" can be supported directly and indirectly by outside intervention. The preparation of special development agents, especially young capable people from the same particular locality, would be a good option. Stöhr (1990) particularly stressed the importance and abilities of returned migrants who are still emotionally close with local people to carry out changes necessary to speed up development. The leaders approach can be used as a very effective tool mobilising endogenous development.

4. Charismatic governance in practice. The case study of Emmaste Community

The aim of the case study is to describe charismatic governance in practice with particular emphasis on openness, innovativeness, the leader change process and the emotional load of a community feeling.

Interviews with Mr. Kalev Kotkas (mayor of the Community of Emmaste 1996-99 and at the time of the interview already a member of the Estonian Parliament), Mr. Heller Sööl (former vice-mayor and the mayor of Emmaste at the time of the interview) and several other people took place on 30th July 1999. The total time of interviews including the Governor of Hiiu County Mr. Hannes Maasel, Minister of Social Affairs Mr. Eiki Nestor (who has a summer house near Emmaste), county development specialists Mr. Aivar Pere and Mr. Andres Ihermann, the head of the West-Estonian Bio-Reserve Mr. Ruuben Post and specialist from the West-Estonian Bio-Reserve Mr. Toomas Kokovkin – all these persons have had a significant role in Hiiu County's development – was about eight hours. Additionally, there was carried out about 20 short interviews with other Hiiumaa people.

4.1. Basic information about Hiiumaa Island and the Community of Emmaste

The community of Emmaste is on the southern part of Hiiumaa Island (Figure 5). It is 197 sq. km. and has a population of 1578. Hiiumaa is the second largest island in Estonia with a territory of 1023 sq. km. and a population of 11,798 on 01.01.1999 (central town Kärdla has 4200 inh.). Hiiumaa's population and economic development has fluctuated since World War II (Figure 6). Its population decreased from about 17,000

inhabitants in 1940 (16,326 in 1934 by census) to 9,967 in 1970 as a result of emigration during the war, deportations and out-migration to the mainland after the war. The population started to grow again in the mid-1970s from in-migration from the mainland. It approached its maximum in 1995 when 11,945 people lived on Hiiumaa.

Figure 5. The location of Emmaste Community in Estonia.

The geographical location of Emmaste can be considered even more disadvantaged than southeastern Estonian municipalities because of the sea and the small population of the island: driving from (Ca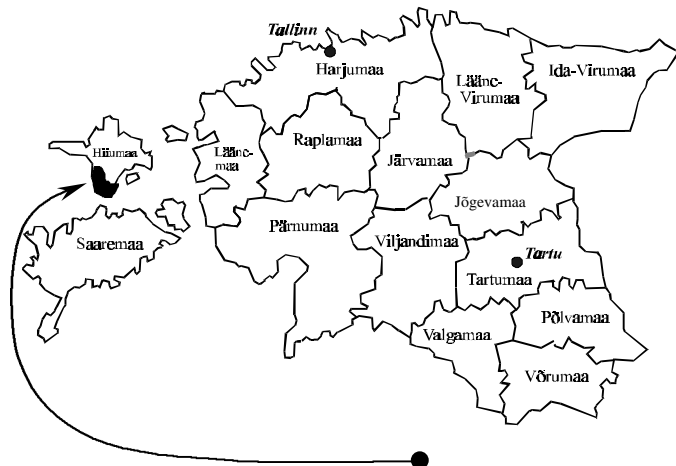pital City) Tallinn takes about 4,5 hours, including 1,5 hours on the ferry and 20-30 minutes for queuing. By night and in some autumn and winter periods when there are heavy storms or bad ice conditions, no sea traffic is possible. Because of unemployment and a one-sided economic structure, population started to decrease in the mid-1990s. During the period 1990-96, 31.8% of total employment and 77.7% of primary employment decreased.
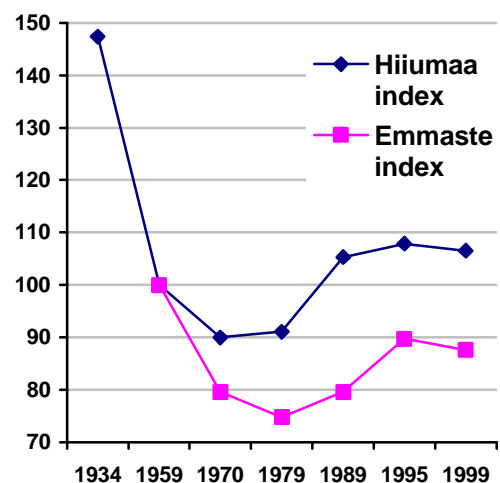

Figure 6. The population indexes (1959=100) of Hiiu County and Emmaste.
Source: Hiiumaa Yearbook 1993, 1995, 1998. ESO 2000, ERDD 2000,

When looking at population development in Emmaste (Figure 6), we can see an even steeper decrease than what was characteristic of all rural areas. Emmaste is geographically as well as economically the most peripheral area on Hiiumaa. The share of the working age population in April 1999 was 52% in Emmaste, which is less than Hiiu County's average of 55%.

At the beginning of 1999, there were 6469 working age people on Hiiumaa (806 in Emmaste). About 4409, or 68% (in Emmaste 509, or 73%), were employed officially. Unemployment in Hiiu County is a problem as it is in every Estonian rural area, but the unemployment rate has been quite close to the Estonian average because of the out-

migration, still viable fishing industry and the rising service (tourist) sector. Table 1. shows the dynamics of unemployment in Hiiu County municipalities.

Table 1. Unemployment (unemployed + job seekers) in Hiiu County municipalities 1995-1999.

	May-95	May-96	May-97	Apr-98	Apr-99	May-95	May-96	May-97	Apr-98	Apr-99
Emmaste	95	103	70	37	38	12%	13%	9%	5%	5%
Kõrgessaare	74	58	71	23	34	8%	7%	8%	3%	4%
Käina	228	139	127	103	103	16%	10%	9%	7%	7%
Kärdla	*141*	*158*	*214*	*101*	*127*	*5%*	*6%*	*8%*	*4%*	*5%*
Pühalepa	94	101	134	76	94	9%	9%	12%	8%	9%
Hiiumaa	**632**	**559**	**616**	**340**	**396**	**10%**	**8%**	**9%**	**5%**	**6%**

Sources: Hiiu County Yearbook 1998, Estonian RDS 1999, ERDD 2000.

Table 2. Personal income tax revenues (EEK per capita) in Hiiu County municipalities 1994-1998.

	1994	**1995**	**1996**	**1997**	**1998**	**1998/94**	**1996/94**	**1996/98**
Emmaste	565	811	1157	1449	1995	353%	205%	172%
Kõrgessaare	794	970	1445	1723	2142	270%	182%	148%
Käina	479	674	1099	1288	1605	335%	229%	146%
Kärdla	*970*	*1087*	*1810*	*2202*	*2785*	*287%*	*187%*	*154%*
Pühalepa	495	769	1133	1325	1498	303%	229%	132%

Source: Hiiu County Yearbook 1995, 1998, Estonian RDS 1999.

When analysing municipal personal income tax revenues (Table 2), then we see that Emmaste experienced the highest growth on the island from 1994-98. Outstanding growth took place between 1996-98. Because of the improving economic situation in the community, the population remains stable. Birth rates stay equal with death rates. More young working age people move in than out.

4.2. Mayor's portrait – the life story and way to the power

The former mayor of Emmaste Mr. Kotkas worked for local government for two-and-half-years, beginning in October 1996. Even though he was elected to Parliament in March, 1999, he continues to participate in local development and governance as a key person. His surname "Kotkas" means "eagle" in Estonian. Also, his first name "Kalev" has strong meaning in Estonian (as well in Finnish) mythology: the hero in the national epic was called *Kalevipoeg*, the son of Kalev who arrived in Estonia on the wings of an eagle.

Kalev Kotkas is the son of Hiiumaa people, although after the war his parents moved to the mainland to study and stayed there to work. Kalev's grandfather Gustav Kotkas lived in northern Hiiumaa and was working for the Hiiu Road Department as a manual worker. He was well-known as a hard and good working man in all Hiiumaa.

Kalev Kotkas graduated from Tallinn Technical University with a degree in engineering and metal works. Because of good grades, he continued research and postgraduate studies. However, after getting married, he was forced to take a post at the Ministry of Social Care which guaranteed accommodation. He thought he would quit the

ministry job quickly and return to the university. In fact, he continued working at the ministry and became the head of the department of construction.

It was the time of great changes. During four years, he was working under five ministers. The stress level was very high. Finally, in 1992, he quit the job but did not return to the university. He escaped as far as possible from Tallinn – to Emmaste. The real goal was to "get out from the picture" and simultaneously to go back to his roots. He built a house on the real "edge of the world" – there is no road going further from this southern part of Hiiumaa. His main objective was to create nice living conditions for his family.

Two years later, in October, 1996, Mr. Kotkas participated in municipal elections. The list he belonged on won 8 seats out of 11 in the local council. So they should take responsibility, and when they were looking for a new mayor, no other feasible solution than Kalev was seen. He took over the post of mayor and promised to keep it for one, three-year term.

4.3. Team formation, introducing new management style and first actions

Kotkas employed a new vice mayor, Mr. Heller Sööl, a simple driver at that time. However, Heller had very good managerial capabilities and an extraordinary high work ethic (a real "workaholic" like Kalev characterised him). These two formed an almost perfect team. Kalev was responsible for policy, bureaucracy, and relations outside of the community. Heller kept the actual work going and was responsible for relations within the community.

They did not made big planning or strategy documents. Every year, before the budget was designed, they put down what should be done and revised their thoughts throughout the year. From MEEK 3.6 in 1996 they increased the budget to MEEK 13.2 in 1998, which included all kinds of state and foreign (help) investments. Even more important is the fact that Emmaste's own revenues grew from MEEK 1.75 (1996) to MEEK 3.11 (1998), or 177%.

The very first task for the new government was to finish agricultural reform, which had already been going on for several years. In two months the new government finished reform as honestly as it was possible: they took off some property from those who had been too avid and divided and re-divided machinery, tools and shares. This process was a very painful one, and the new government got many enemies right at the beginning. But most people liked this Robin Hood-like action. Being accepted can be considered very important for leaders in rural locations and especially on such a small island in such a

small community. When thinking about charismatic governance, then carrying out such powerful and emotionally-sensitive action definitely rises political capital.

The mayor's activities thereafter can be summed up into four big blocks (according to Paasi's (1986b) categories of region building):

1) job creation and improvement of the business environment – guaranteeing and improving both public and private services (the strengthening of territorial shape);

2) physical environment creation (territorial and partly symbolic shape);

3) building up the spirit of the community (symbolic shape and partly institutional shape); and

4) social policy, socialisation and opening the locality (institutional shape).

4.4. Business promotion and job creation (strengthening the economic base)

In 1997 and 1998 the new local government of Emmaste was associated with the creation of 119 new jobs in the private sector. This activity had three directions: (1) rising mobility of the local labour; (2) assistance and training of existing and new local businesses; and (3) place marketing and inviting (mainly foreign) enterprises to invest.

At the very beginning, the community put a bus into operation for transporting local unemployed workers. The extra costs of running the bus line were 50,000 EEK in 1998, but income tax revenue from the workers was 225,000 EEK. The community supported existing enterprises that were paying taxes appropriately and creating new jobs with reduced rents or low cost development space sales. In the contracts conditional numbers for newly-created jobs were stated. The community gave active support to local enterprises by seeking business partners or even new markets. There are several mainly export-oriented enterprises in Emmaste. For instance, the small enterprise "Hiiulink" produces plastic and metal conference supplies for New York City, NASA and *Bundeswehr*.

The community organised training for potential businessmen. The community prepared several business catalogues and organised their distribution to target groups. There is a roundtable of enterprises in operation where crucial issues of local business and municipal life are discussed. Also, the community gives an annual "Best Taxpayer Award" to promote honest business practices.

The third block in community industrial policy has been the marketing of industrial sites. The community took free land and bought several former collective farm buildings cheaply. A catalogue was designed and distributed in Estonia and

Scandinavia. As a result, several enterprises made contact with Emmaste, and some projects succeeded.

The economic base of a community or guaranteed jobs in the community or within a reasonable commuting distance from the community can be considered one of the key factors in the development of any community. If jobs disappear, the active people, the potential entrepreneurs and activists, who actually make up the locality, may leave. Together with people leaving, some institutions decline. This fact became evident in the survey presented in the previous chapter.

This adds substantially to Paasi's (1986a&b) theory on the institutionalisation of regions, which does not consider the dynamics of high migration volumes or the rapid decrease or increase in the pool of human competence. The modern economy may quickly alter the occupational structure of localities, the way space is used by people. It may create new localities in the middle of nowhere, and it may destroy the blossoming life of a locality when the demand and technology is changing but the locality and its main employers are not able or willing to cope with new conditions.

4.5. Improving the physical environment and strengthening the symbols of Emmaste

The new government of Emmaste started to improve the physical environment of the community as early as 1997. The centre and its surroundings were cleaned up of bushes and grass. A second floor was added to the community hall. An architect was hired to design Emmaste's own style. In 1998, a new bus station was built, and the house in the centre was sold very cheaply to an enterprise on the conditions of investments and the opening of a well-equipped small supermarket. In 1999, two new projects were started in the centre: a bicycle/pedestrian road connecting the centre and the school, and a short alley through the nice pine forest with stylised lamps and park chairs connecting the centre and the church.

The century project – the renovation of the municipal school – started in 1998 and was finished in 1999. Some other small projects were carried out, too, like an old windmill, putting wooden houses made by a local company at bus stops and a special building for young people's meetings. Several unemployed people are working throughout the year to keep up the landscape.

Another community action area has been Sõru harbour, which had not been operating for 30 years. It has strong symbolic meaning beside its practical purpose. Part of the harbour was built by the community people themselves. The community decided to re-open the harbour to real sea traffic, and Sõru harbour is now used by the company

operating the Hiiumaa-Saaremaa line. The reopened harbour can be considered the cornerstone of the community's future development with Saaremaa. Traffic increases and Emmaste functions now as a gateway between the two "capitals" of the islands.

Additionally, a place for public parties and celebrations was created near the harbour. Some old fishing nets and boat halls were just slightly renovated and painted, and rooms for a bar were built. The surrounding area was cleaned up, and a museum – old, historical things in one end and children's paintings and handicraft at the other end – was opened. The area is supported with toilets and a camping infrastructure. Several really huge parties (up to 5000 participants!) took place there already.

Related to the harbour is one more project that is primarily symbolic. Namely, on the coat of arms of Emmaste is a sailing ship. Before the war, wooden sea-ships were built in this part of Hiiumaa. Only three of them in the whole world remained. One of them is the three-mast sailing ship "Alar" which was built in Emmaste in the 1930s. Emmaste people found it in Denmark and decided to bring it back to home. The idea itself was exciting to the American owner, too, who sold "Alar" to Emmaste for one dollar (!).

Now, this small ship is in the harbour, and Emmaste people will renovate it after the establishment of a small shipyard. To cover transportation and renovation costs, Emmaste created the Ernst Jaakson (legendary Estonian diplomat in the US and the UN who was born in Emmaste) Foundation. Just as "Alar" has important symbolic status for Emmaste and Hiiumaa, Mr. Jaakson was a symbol of Estonian state continuity.

Another purely symbolic project was carried out earlier in 1997: finding the bells of the church, which were hidden during the war, and reinstalling them. Several people in the know in many countries around the world were contacted, and the bells were finally found. And another important person with high symbolic status was involved. The President of Estonia Mr. Lennart Meri supported this project in the amount of one month's salary.

A nationally as well as internationally important project was the formation of the Emmaste students' football team and the establishment of a normal football stadium with a professional lawn. Several international competitions with Estonian and other national teams and clubs participating and playing a high level of football have taken place. And again Emmaste was in the very centre of the media, sending positive signals about itself and its enterprises to the world. So such a quite simple and cheap project has a very high symbolic and social (openness) value for the community and its people.

4.6. Civic structures promotion (institutional shape)

True enough, the municipality could be counted as the most important formal institution in Emmaste. However, without local people, their participation and positive responses, several actions and projects would not have been born. We can describe grassroots-level activities in Emmaste and municipal policy directed towards strengthening its civic structures. Perhaps the best example of civic activity is springtime public works. At first only school children were invited to participate in cleaning up a five-kilometre-long coastline of litter coming from the sea during the winter. A small, nicely organised party followed some hours of work.

Now, not only children but also their parents (fathers) with tractors and tools, help. So in 1999 not only fresh cookies were needed after the work but beer too. The spring works have become so popular that children want to join in by any means possible, even if they have to skip some other interesting events. And when local young people see tourists littering, they definitely ask them to pick their rubbish up and not to litter any more.

The teaching of collective (community) thinking starts in school. Pupils are requested to work at the school garden and park every year for a certain (small) number of hours. Three officially registered village societies, a young persons' society and some other non-registered groups are operating. The community supports their operations with about 10,000 EEK per year, but it also helps to create contacts and to find outside financing.

Another direction of civic activity has been the involvement of people with high positions in the local life, especially those who own summerhouses in Emmaste. Two good examples are Estonian Mr. Eiki Nestor, Minister of Social Affairs since 1999, and the vice-director of AS Eesti Sadolin (paint producing company).

People at the another end of society are "not forgotten" either. The unemployed will not get unemployment benefits before they try to work at the fish factory or somewhere else. Hopeless drunkards will not get any money without working for the community, usually in public improvement works. There are only eight large families that get social benefits without doing some "extras".

5. Conclusion. Leaders and effective local governance

The charismatic leaders approach has always been important in some way in corporate management theory and practice. However, it appears to be a rather fresh idea

for the public sector. The main finding from this paper was that namely (charismatic) leaders may shift the locked-in micro-culture and create a new more open and pluralistic society.

The leaders approach proposed here is therefore an alternative to the traditional institutional one and concentrates on dynamic processes in the society. Downsizing economic structures and reducing the importance of the former rigid state bureaucracies and planning authorities causes the increase of the number of economic agents, instability and competition. This in turn raises the importance of leader-type management and of leaders capable of consolidating people around a common vision, building a common identity and motive and creating a new flexible institutional set-up.

The key to leaders' success is the charisma that makes people like and love them. The presence of followers and teams is important because one person cannot do much. To have a good, well-trained manager is clearly insufficient for long-term sustainable economic development. More important is his ability to create a common vision, involve new active people and to create his own "school" of followers that will attain goals defined in the vision.

The new and very important point was taken from Lev Gumilev's (1990) theory of ethnogenesis, namely biology as a causal factor in social development. Genetics and population waves as well as genetic mutations set free the biochemical energy, which help people manage in extraordinary situations and give them enormous energy to achieve their goals in changing dissatisfying environments and breaking social barriers. However, nowadays, many technical and management skills, the ability to think and act strategically, and skills in organisation and society-building are required for achieving results in public governance.

The empirical part described the activity of one such charismatic leader in a small geographically-peripheral community. The fascinating point from this case study was that Mr. Kalev Kotkas applied the community building approach that ultimately appeared to be successful in economic and social terms as well. Like Stöhr's (1990) returned emigrant, an agent of changes, self-confident in his own activity, he was delivering own contacts, knowledge and action to the local social networks. He was doing some sort of interpretation: representing local society in the world and vice versa.

The language skills are not the first priority here, however. The understanding of different (sub-)cultures, the way and intonation of interpretation, the quality of contacts and strategically right choices and motivation in filling his mission certainly weigh more.

The members of local networks adapt the new knowledge much smoothly because of a right and trustful interpretation and worth that was visible.

Finally, when Kalev Kotkas was asked to explain why he did what he did, he pointed out five reasons: (1) Hiiumaa, my love!; (2) this was the task of his generation to do something for the society; (3) To prove that it is possible to move on (4) Something should be done when you live there; (5) Enjoyment of the action. Like a farmer he likes to count what he did during the day. (The original answer is hard to translate. It would mean literally: "Every night, I'd like to count all dung-hills that were carried out during the day").

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