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# Social and Political Entrepreneurship: Ways and Means to Develop Sparsely Populated Regions?

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## Abstract

Social entrepreneurship as a variant of entrepreneurship is probably only in the beginning of its conceptualization as scientific subfield, and applicable theories are yet to be defined. However, starting from the empirical findings in a global perspective, I find that the phenomenon that could be labelled social or societal entrepreneurship has existed under other synonyms for quite a while. Personally, I find the borderlines between these concepts and social economy, third-sector entrepreneurship, public–private enterprises, and so on, rather blurred. The ambition must nevertheless be to develop the necessary conceptual tools for social entrepreneurship as means for measuring and comparing regional development, for example, in sparsely populated areas. Political entrepreneurship as a concept is comparatively new too, although connotations to earlier political science terms can be noted. The meaning of the term refers to political actions in connection with governance structures in a multi-level perspective, but obviously also has consequences for government in traditional political settings, and the question of accountability. My aim in this chapter is to develop a model for social and political entrepreneurship, and, with a comparison of small municipalities in the Swedish rural peripheries, to be able to find out, whether or not this can cause changes in socio-economic regional development over time. To examine these aspects, I have chosen the number of inhabitants, firms per inhabitants, ranking of municipal entrepreneurship, and employment rate, associations and social capital networks. Tentatively, I expect to find stronger socio-economic development when social and political entrepreneurship is combined over time, as this seems to be a necessary path to combat depopulation and loss of employment and taxation.

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Five municipalities have been chosen for examination, four in the central Sweden region, and one from the southern Småland region with a strong entrepreneurial tradition, also situated in the periphery, by and large as a bench-marking unit for the comparison. The results confirm that a combination of social and political entrepreneurship is required for the shift of downward trends, as far as Swedish small-sized municipalities in the periphery are concerned.

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## 15.1 Introduction

There is a clear ambiguity about the concepts of social and political entrepreneurship, though the use of the term entrepreneur in English dates back to at least the 15th century. According to Clark (2009), the first tentative mentions of social entrepreneurship in academic work came in the 1960s, and it slowly gained popular recognition, but even today there are very few attempts to conceptualize the phenomenon, let alone come to an consensus on the meaning of the concept, substance, and means of its operationalization (Borzaga and Santuari 1998). The same is true for the term political entrepreneurship, which was used by Elinor Ostrom in her Ph.D. thesis in the late 1960s and Robert Dahl in 1961, to be almost forgotten until two decades later, when it was suddenly picked up on by Western political systems (Ostrom 1990). A few systematic attempts to clarify the academic concepts have been made, but the variety of interpretations still persists.

In this chapter, my intention is to discuss the lines of demarcation between the social or third-sector economy and social entrepreneurship, and try to find a usable concept to combine with political entrepreneurship, including the sub-concept of entrepreneurial politicians (Nyhlén 2013) to be tested at the municipal level in sparsely populated areas. It is my conviction that both social and political entrepreneurship are needed to overcome the problems of municipalities with a diminishing or ageing population where employment rates are falling too.<sup>1</sup> These areas are largely to be found in northern and central Sweden, where population growth is much smaller than in the three metropolitan areas of Stockholm, Gothenburg, and Malmö and much of the country from Stockholm southwards. There is a social need for more and specialized forms of entrepreneurship, and my hypothesis is that social and political entrepreneurship of a certain kind might be the solution. To that end, four local communities in central Sweden region have

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<sup>1</sup> Pierre, Friedrichs and Vincent in this volume (Chap. 11) use the term community-based entrepreneurship, which is an interesting contribution based on locality and collaborative work between public and private sector. This term could be useful to my own contribution, but I prefer the somewhat wider term social entrepreneurship for its connotation with the third-sector organizations and variety of potential actors in order not to limit the scientific scope of my comparison, and the theoretical coupling around the present state of social entrepreneurship.

been selected, all of them in sparsely populated regions,<sup>2</sup> and to find similarities or differences they will be compared with the so-called entrepreneurial Mecca of Sweden, Gnosjö in Småland, it too situated far away from the bigger cities, in the southern Swedish highlands, although admittedly not in a regional periphery as remote as those in Norrland.

Some of the central Sweden municipalities have areas that are clearly peripheral, with a population density a great deal lower than in other parts of the region. Perhaps they call for a special type, or even combination, of entrepreneurial milieu, entrepreneurial spirit, or social and political entrepreneurship. Even these municipalities, facing a downwards spiral of a population drain, an ageing population, unemployment, and a lack of skilled labour, might try special solutions that even over time show distinct features of sustainable and long-standing socio-economic development. Among the research group of political scientists and business economists at Mid Sweden University, the politics and local development of Sweden's municipalities have been analysed for some decades, and summarizing our results, we find that although special solutions are called for, the rumours of the slow death of those local communities are greatly exaggerated. On the other hand, special solutions are called for to overcome the depopulation of peripheral rural communities. It is of certain interest also to look for potential bench-marking or diffusion effects in the central Sweden region, and more particularly in the chosen communities of Krokomb, Ragunda, Sollefteå, and Åre, in comparison with the well-known entrepreneurial municipality of Gnosjö. It seems that the combination of social and political entrepreneurship is a necessary, but not sufficient, condition to avoid negative development trends, but also calls for special arrangements in the peripheral areas of these municipalities.

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## 15.2 Social and Political Entrepreneurship: Revisited or Reshaped?

What is social entrepreneurship, and what distinguishes it from the social economy and third-sector entrepreneurship? And what about the term societal entrepreneurship, which is frequently used especially in the Nordic countries? The common denominator seems to be filling the gaps and needs that are not taken care of by the public or private sectors. Obviously, the theorists who dealt with classical or neo-classical entrepreneurship in the traditional sense—Schumpeter, Kirzner, Baumol—do not provide any answers for these new phenomena. The social or third-sector economy has been used as a term to characterize economic activities that are not part of the public or private sectors, which in some Western or developing countries account for considerable part of the total economy and GDP. The common characteristic is the production of welfare services, which otherwise could not be produced, at prices that differ from those in public-private sphere; in

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<sup>2</sup> The average number of inhabitants per km<sup>2</sup> is 1, 2, or 4, compared to the bench-marking municipality in Småland, which has 22 inhabitants per km<sup>2</sup>.

other words, filling the gaps where needs have arisen but have been left unmet. Although today the borders between social service producers with mixed ownership should be considered blurred, the question arises of what characterizes the social economy and social welfare producers in general and social entrepreneurs in particular. Some authors seem to choose the actor's perspective, as does Clark (2009, p. 18), for whom the word 'social' changes the whole rationale of the concept entrepreneur. He distinguishes between the conventional entrepreneur, whose success is measured in terms of profit, and the social entrepreneur with dual interest in social as well as in financial returns. Names such as Bill Gates, Richard Branson, David Beckman, and Elton John are mentioned, extending the scope of this continuum from charities and trading charities to social enterprise, ethical business, and on to commercial business. Martin (2007, p. 29) compares the efforts of Steve Jobs with the founder of microcredit Mohammed Yunus and several others, but chooses to refrain from a comparison between these actors and classical entrepreneurs. Johannisson (2005, pp. 82–3) likewise emphasizes the entrepreneur, especially the 'societal' entrepreneur who manages local changes with networks and local engagement through the creation of new enterprises or the revitalization of existing business. Kirzner (1973, pp. 17–18) separates the entrepreneur and the producer, but discusses the profit for both categories. Gawell et al. (2009, p. 7) define social entrepreneur as a new term for the activists, social engineers, and creators of welfare states, who take innovative action to the benefit of society, but the authors do not distinguish between the driving forces in the cultural sector, local actors in a village community, or the public versus private sectors; instead, they emphasize that these actors frequently can be found at the intersections between the traditional sectors, usually where a common service is missing and no sector is willing to develop it, or where institutions have not yet developed in a new field (2009, p. 9).

Richomme-Huet and de Freyman in this volume (7.2) distinguish between four main types of entrepreneurs: the regular or classic type; social entrepreneurs, where social commitment and a lack of financial interest dominate; the green entrepreneurs; and sustainable entrepreneurs. The distinction between the two first categories are of certain interest for the present chapter, as it seems to be in line with what other authors have suggested are the motives and actors in social entrepreneurship. Political scientists tend to focus their attention on the interest in collective action and entrepreneurial institutions, and more particularly Hall and Sobel's institutional approach (2008, p. 71) to explaining differences in the levels of entrepreneurship and economic growth between US states.

The question is whether municipalities can act as entrepreneurs, and, following on from that, what the circumstances and categories of actors might be. Lundström and Zhou in this volume (16.2) find that the emerging definitions of social entrepreneurship have been either inclusive or exclusive, and that the concept seemingly is broad enough to include a wide variety of individuals, ideas, opportunities, and organizations. This is quite in line with the Schumpeterian ideas of innovative entrepreneurship (Swedberg 2008; von Bergmann-Winberg and Wihlborg 2011) and creative destruction, and the post-Schumpeterian development with

neo-classicist-enhanced organizational efficiency and the elimination of hindrances (Landström 2005; Bjerke 2005; Kirzner 1973). As there is obviously not a clear understanding of the concept of social entrepreneurship (or indeed societal entrepreneurship for that matter), and how it is distinct from the social economy, empirical, inductive research is called for, thus enabling attempts at new theoretical modelling in connection with new studies. The indicators used in this chapter for the measurement of social entrepreneurship in Swedish municipalities are the number of associations (sporting, religious, village, and cultural) and the number of economic associations (cooperatives or third-sector organizations) in the sense of the Putnam (1992) investigation of networks and social capital (bonding and bridging) to enhance regional and local socio-economic development.

What is political entrepreneurship and who are the political entrepreneurs? According to McCaffrey and Salerno (2011, p. 552), political entrepreneurship should be considered an underdeveloped area in economics, where the starting-point is sometimes attributed to Schumpeter, although he never used this term in his writings. His theories of democracy as an elite competition between political parties and individuals for political governance are in line with later thinking on political entrepreneurship (Swedberg 2008). McCaffrey and Salerno echo the early theories of the political theorist Robert Dahl, who 40 years ago tackled political entrepreneurship in *Who governs?* (Dahl 1961; Nyhlén 2013). The competitive element is stressed by Kirzner (1973, pp. 39 ff.) who focus on discovery and innovation in entrepreneurial behaviour and organizations (Coffé and Geys 2006; Kiewicz 2007; Parker 2008). A direct combination of social and political entrepreneurship can be found in McCaffrey and Salerno's definition (2011, p. 553), where they point out that 'the function of political entrepreneurship consists in the direction of coercively obtained resources by the state toward processes of production which would not otherwise have taken place'.

Obviously, connecting the two newest directions of entrepreneurship calls for new combinatory logics, especially when implemented as institutional changes in a multi-level governance system. My aim here is to connect the term political entrepreneurship to public choice and new institutionalism, as against the new governance setting—a shift of paradigms in political theory, if you will. If societal change is due to current processes, and innovative structural changes to the economy and politics, this too corresponds to a shift of paradigms. Starting from the government concept, Dahl's question of who governs asked of the normal procedure for legislation sees a shift to multi-level governance with a multitude of actors and social service producers in a constitutional setting. The actual shift in paradigm took place in many European countries with the creation of the EU, and more specifically with the creation of the EU internal market in 1992, as its regional cohesion plans have shaped the construction of partnerships for regional governance.

In many Western countries, formal government structures have long had elements of multi-actor negotiations and networking, but, over time a new governance structure was established with cooperation between several groups of actors. In a political system, the question of groups of actors influencing or taking part in governance closely linked to formal government hierarchies—accountability, in

other words—must be dealt with. This hierarchy in a multi-level system is different to that in unitary and federal states, and different again depending on political participation on various levels as well. Ever since the idea of ‘governance’ came onto the political agenda, it is also evident that the role of politicians has to a large extent changed. This has to do with the multitude of actors and producers of welfare services, as many more tasks are carried out in a system of individual choices—one might even call the present era a choice economy in some Western countries (Bergmann-Winberg 2011). Political entrepreneurship is of special importance to the public sector, where nowadays due to the system of public procurement many suppliers of goods and services are available for the public sector to choose among, according to demand and public resources. How are the public economy and its service producers controlled, and who does the evaluation? Competition fosters actors with differing perspectives on what welfare is thought to be, while the differences between public, semi-public, private, and third-sector actors in attitudes and values probably converge over time. New combinations of actors and alliances also tend to foster the appearance of policy entrepreneurs, much in line with post-Schumpeterian thinking.

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### 15.3 Entrepreneurship in Sparsely Populated Areas

According to Bjerke (2005), Porter (1998), Florida (2003), Pike (2007), Veggeland (2004), Lambooy (2005), and Brulin (2002), the location of business and entrepreneurial milieus has become an important factor in competition. The question is whether this is only true of the metropolitan areas and large cities, where the levels of skills and competence close to universities and high-tech businesses are to be considered high enough to generate competition. What about sparsely populated regions and small communities where people still choose to live and work? What special circumstances make them interesting as locations for new businesses or maintaining present entrepreneurial structures? Could one entertain the idea of entrepreneurial municipalities here too, even though these local communities tend to be small, and situated far from the big cities? According to Danson and de Souza (2012, pp. 4 ff.), much of the research has focused on the European heartlands, especially cities and city-regions with specific underlying features such as clusters, agglomerations, and regional innovation systems. The specific features of the peripheral regions have been relatively neglected. As the enlargement of EU continues, the integration of further peripheral regions is likely to occur. The Danson and de Souza project (2012) on the northern periphery of Europe has added to our understanding of local and regional development in this area, be it demography, distance, mobility, migration, transportation, commuting, or service. They strike a somewhat pessimistic note about regional innovation in the periphery, for ‘in a formative phase, when the links between university, company and government are still being established and where the principal organizations that generate innovations—the companies are weaker, smaller, fewer, mostly operating in traditional sectors, with little previous or current innovatory activity

and more resistant to change' (Danson and de Souza, 2012, p. 8). The authors also stress the importance of social capital (Putnam 1992; Herrschel 2012; Danson and de Souza 2012) as social capital within (bonding) and between (bridging) local communities, and especially between the centre and the peripheries, where more should be done to prevent the population drain to core regions, and to promote active links between peripheral regions in Western Europe (ibid. p. 12). Herrschel (2012, p. 31) finds that the city regions in particular have attracted interest as platforms for new forms of governance, offering greater flexibility of policy-making alliances and diversity in the composition of actors (Freitag 2006; Holcombe 2002; Schneider and Teske 1992). A corresponding flexibility—depending on the circumstances—could be expected in the peripheral regions too, as they probably have to establish more flexible forms of governance and networking than the core areas, if only so that people and companies, and indeed the public third sector, can survive.

Yet companies and people choose to live in peripheral areas, not only in Europe, but across the world, and the question is of course whether this discussion is valid for small municipalities in the peripheries, in the present case in central and southern Sweden? Investigating the living conditions for individual citizens, companies, and public structures over time and in detail can probably deliver some answers not only to the question of whether or not a future in these areas is feasible, but also if it shows signs of innovative features. Five local communities in Sweden have been chosen for study here, all of them situated in the periphery, either in central Sweden or the southern highland regions. The common denominators are a falling population, loss of businesses and economic associations or cooperatives, shrinking private and public services (including school closures), and an ageing population. The five municipalities have between 5,000 and 20,000 inhabitants, encompassing core centres and peripheral areas with a low density of population, which as an average tends to be extremely low in four of the municipalities—Åre, 1 inhabitant per km<sup>2</sup>; Krokomb, 2; Ragunda, 2; and Sollefteå, 4—the outlier being the fifth municipality, Gnosjö, chosen for its entrepreneurial past and present as a bench-marking unit, which with 22 inhabitants per km<sup>2</sup> is thus more concentrated than the others and obviously much less sparsely populated. (While Gnosjö has an area of 452 km<sup>2</sup>, the four central Sweden municipalities are vast: Åre 7,263 km<sup>2</sup>, Krokomb 6,218 km<sup>2</sup>, Sollefteå 5,398 km<sup>2</sup>, and Ragunda 2,527 km<sup>2</sup>). Yet, all five seem to have the same problems with their local economic development, innovations, and new entrepreneurship; all are at a considerable distance from airports, universities, and major cities, with the exception of parts of Krokomb; all comprise rural communities in the periphery, with Krokomb and Åre close to the Norwegian border, Ragunda and Sollefteå close to other counties and regions; and all also represent a certain marginality in sparsely populated border regions, in comparison with their regions and the national averages for many of the chosen measures.

The study focuses on the development of social and political entrepreneurship, as this is considered especially important in local communities in the periphery with special problems, or, as in Gnosjö, a notable entrepreneurial past. Social

capital and networking seem to be of importance for the survival of these municipalities, and above all their companies. According to the Confederation of Swedish Enterprise (2013), there is a strong connection between the attitudes of the politicians and the views of the entrepreneurs about the business climate. Cultural variables such as identity and affinity with place seem to be of special importance in the communities if they are to attract new inhabitants and keep the existing ones. The so-called Gnosjö spirit (Wigren 2003, pp. 16–17), centred on business and community and the tight networking between the private, public, and third sectors, can be compared to the cultural spirit in the other municipalities, measured in terms of number of associations and size of third-sector companies and cooperatives.<sup>3</sup> The Gnosjö spirit bears some similarity to the definitions social and political entrepreneurship noted above, and could thus be considered a hybrid of both, illustrating a successful entrepreneurship policy. To find out if this is true for the most peripheral communities, one should investigate the potential reasons for the absence of negative trends. According to the Confederation of Swedish Enterprise (2013), countrywide the present trends show a drop in the rural population and a marked increase in migration to the three metropolitan areas, regional centres, and medium-sized cities.

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## 15.4 Small Municipalities in Rural Peripheries

My aim in this chapter is to develop a model for social and political entrepreneurship, with which to compare small municipalities in the Swedish rural peripheries, to be able to establish whether or not it can affect socio-economic regional development over time. To examine these aspects, I have chosen to measure social entrepreneurship by the total number of associations (sporting, religious, or cultural), inhabitants, and companies per thousand inhabitants, ranking municipal entrepreneurship, average income and employment rates, associations, and social capital networks. I have also factored in the number of economic associations such as cooperatives or third-sector organizations, in the light of Putnam's findings (1992) that networks and social capital (bonding and bridging) enhance regional and local socio-economic development. Another important feature is local identity, and local atmosphere, measured through surveys and previous research. (Table 15.1)

As shown in Table 15.2, I have found a mixed development, where Gnosjö and Åre, much as expected, show a positive development over a 10-year period, not only for associations, but also for so-called economic associations—cooperatives and third-sector associations engaged in business. Åre has about share of sporting and cultural associations, but only four churches, whereas Gnosjö, with its many free churches, is the opposite with 23 sporting associations, 16 churches,

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<sup>3</sup> For the measurement of networks and social capital in all five municipalities, see Wigren (2003) (for Gnosjö); Brandum Granqvist (2012) (for Krokoms); Skoglund (2005) (for Ragunda); Bergmann-Winberg and Nordtug (2006) (for Sollefteå); and Nyhlén (2013) (for Åre).



**Table 15.1** Conceptualization of entrepreneurs, and their function and tasks

| Term/Concept                  | Function, arena   | Task, role  |
|-------------------------------|---|---|
| Entrepreneur                  | Businessman, inventor   | Risk-taker, capitalist, innovator   |
| Political entrepreneur        | Not specified, linked to societal sectors and system level                | Facilitate, stretch, or burst limits or borders   |
| Public entrepreneur           | Public official or politician   | Change the routines within the framework of the system; transfrontier actions             |
| Entrepreneurial politician    | Often a leading politician  | Leads development towards new thinking and innovative solutions; political accountability |
| Social/societal entrepreneurs | Business, schools, local development groups, cooperatives, or individuals | Combinators, mobilizers, driving spirits  |

**Table 15.2** Social entrepreneurship in five Swedish municipalities

| Municipality | Associations | Associations per thousand inhabitants <sup>†</sup> | Economic associations | Percentage change over 10 years |
|--------------|--------------|--|-----------------------|---------------------------------|
| Gnosjö       | 91           | 7  | 14                    | 6                               |
| Krokom       | 171          | 12   | 39                    | -22                             |
| Ragunda      | 36           | 7  | 25                    | -6                              |
| Sollefteå    | 332          | 17   | 68                    | -+                              |
| Åre          | 106          | 10   | 71                    | 6                               |

<sup>†</sup> According to Lundåsen (2004) there is a certain northern Sweden phenomenon, where the number of associations is higher than average, whereas the political activity in terms of voting is lower than the Swedish average. One explanation for this could lie in the networking and social capital necessary to compensate for the absence of municipal cultural activities in peripheral villages and remote areas

9 educational associations, and 52 cultural or village associations. As for the other three municipalities, the loss of economic associations in Krokom seems considerable, whereas the corresponding loss in Ragunda was only 6 %, and has remained unchanged in Sollefteå, where the number of associations per thousand inhabitants is greater than in the other municipalities. The number of associations per thousand inhabitants is otherwise somewhat similar in the other four municipalities, showing the importance of social networks and social milieu in peripheral areas.

In Table 15.3, enterprising spirit and business climate are estimated using the Confederation of Swedish Enterprise's yearly ranking over 5 years in the first column, which confirms the Swedish bench-marking status of Gnosjö. Gnosjö is 15th out of 290 municipalities, and has a record of improving this position by 34. Åre comes next with in 97th place, in the top third of municipalities, and

**Table 15.3** Political entrepreneurship in five Swedish municipalities

| Municipality | Business ranking | Firms per thousand inhabitants | Share of entrepreneurs in per cent† | Political shifts | Innovation policy | Policy climate |
|--------------|------------------|--------------------------------|-------------------------------------|------------------|-------------------|----------------|
| Gnosjö       | No. 15 +34       | 22                             | 12                                  | No               | Medium            | Medium         |
| Krokom       | No. 152 +79      | 56                             | 17                                  | No               | High              | High           |
| Ragunda      | No. 257 +31      | 46                             | 15                                  | No               | Low               | Low            |
| Sollefteå    | No. 290 –13      | 48                             | 11                                  | No               | Medium            | Medium         |
| Åre          | No. 97 +12       | 107                            | 21                                  | Yes              | High              | High           |

† The correlation shows the relative number of entrepreneurs, including entrepreneurs with small businesses—for example, the self-employed

improvement of 12. Krokom is in the top half, but has an improvement factor of 79, which is quite remarkable. These three municipalities can be said to have political entrepreneurship as far as business climate and enterprising spirit goes. The two last municipalities, Sollefteå and Ragunda, tell a very different story of the worsening climate in rural areas, as Sollefteå is the very last in the rankings, having fallen 13 places, whereas Ragunda has a slight improvement of 13, but still only ranks 257th. Other indicators confirm the picture: Åre comes top as far as enterprises per thousand inhabitants are concerned with 107, while its share of total employment is 21 %, which is one of the highest in Sweden. The figures for the other four are less than half this, even the ‘entrepreneurial Mecca’ of Gnosjö has a share of 12 %, or about the same as Sollefteå, but lower than Ragunda with 15 % and Krokom with 17 %. The proportion of number of enterprises per thousand inhabitants also shows a corresponding pattern: Krokom has 56, Sollefteå 48, and Ragunda 46, whereas Gnosjö only has 22. However, it is worth noting that the industrial traditions in Gnosjö, with its fewer, larger, family-owned companies, still persist, whereas the four central Sweden municipalities often have enterprises with few employees, more often than not in the service sector.

Political entrepreneurship is also closely correlated with the shift of political majority after elections, thus showing political dynamics and the focus on cooperation between elections (Nyhlén 2013; Confederation of Swedish Enterprise 2013). The next indicators are thus shifts in political majorities and entrepreneurial politicians, where only Åre show political dynamics in this sense, and the others only political stability for the last two elections. The two last indicators illustrate innovative entrepreneurship policy (gauged using municipal reports), and political climate and local spirit, which are accounted for by surveys in these local communities. Åre and Krokom report entrepreneurship policy and comprehensive changes to it over time that count as high, whereas the corresponding measures for Gnosjö and Sollefteå turn out to be medium, and only low for Ragunda.

According to my preliminary presumption, social and political entrepreneurship are appropriate variables to measure local socio-economic development over time. The indicators for socio-economic development (see Table 15.4) show that the

**Table 15.4** Socio-economic development and changes over time in five Swedish municipalities

| Municipality | Population | Percentage change over one decade | Employment rate (%) | Income in thousands SEK | Unemployment rate (%) | Tax collected/inhabitants | Level of education† |
|--------------|------------|-----------------------------------|---------------------|-------------------------|-----------------------|---------------------------|---------------------|
| Gnosjö       | 9,400      | -8                                | 81                  | 255                     | 6                     | 165,611                   | 26, 53, 19          |
| Krokom       | 9,483      | -4                                | 81                  | 250                     | 7                     | 155,232                   | 12, 57, 31          |
| Ragunda      | 5,501      | -11                               | 76                  | 235                     | 9                     | 149,525                   | 16, 64, 19          |
| Sollefteå    | 19,964     | -8                                | 75                  | 237                     | 11                    | 154,594                   | 15, 58, 26          |
| Åre          | 10,259     | +7                                | 81                  | 234                     | 4                     | 152,640                   | 13, 54, 32          |

† Level of education is compared with primary, secondary and tertiary levels of education

**Table 15.5** Social entrepreneurship and local socio-economic development in five Swedish municipalities

| Social entrepreneurship | Changes in socio-economic development |                   |         |
|-------------------------|---------------------------------------|-------------------|---------|
|                         | Strong                                | Medium            | Low     |
| Strong                  | Åre                                   | Gnosjö, Sollefteå |         |
| Medium                  | Krokom                                |                   | Ragunda |
| Low                     |                                       |                   |         |

**Table 15.6** Political entrepreneurship and local socio-economic development in five Swedish municipalities

| Political entrepreneurship | Changes in socio-economic development |        |         |
|----------------------------|---------------------------------------|--------|---------|
|                            | Strong                                | Medium | Low     |
| Strong                     | Åre                                   | Krokom |         |
| Medium                     | Gnosjö, Sollefteå                     |        |         |
| Low                        |                                       |        | Ragunda |

size of the population and the changes over a decade correspond to the gloom about peripheral rural communities in Sweden, with the exception of Åre, both in comparison with the others studied here and with the group of municipalities to which Åre belongs (Nyhlén 2013, p. 39). The decrease in Ragunda amounts to 11 %, which is more than the others, and this for a municipality with fewest inhabitants. Gnosjö and Sollefteå both have -8 %, and Krokom the lowest negative figure with -4 %. The employment rate seems to be more equal, as three of them have 81 % (compared to the Swedish average of 76 %), whereas Ragunda and Sollefteå with 76 and 75 % are spot on the national average. As far as average income is concerned, Gnosjö and Krokom are at the top of the list, whereas the differences between the other three is marginal. Unemployment is low, with Åre having only 4 %, Gnosjö 6 %, and Krokom 7 %, whereas the prospects for Ragunda with 9 % and Sollefteå with 11 % do not look good during the present recession. Average and median incomes for all the municipalities show figures under the Swedish and regional averages, and the same is true of the average tax paid per inhabitant, where the differences between municipalities are comparatively small. As for level of education, some interesting features can be observed. The table shows compulsory school, secondary and high school or university education. The large share of only compulsory education or less in Gnosjö is explained by the fact that many migrants to Sweden, more than 100 nationalities, have found jobs there, whereas the highest education is found in Krokom and Åre, and Sollefteå in between. The figures for Ragunda show the largest proportion of secondary school education. (Tables 15.5 and 15.6)

I had expected to find a stronger socio-economic development when social and political entrepreneurship is combined over time, as this seems to be necessary to combat depopulation and loss of employment and taxation. Summing up the results in two tables confirms these expectations: Åre proves to have strong social and political entrepreneurship, which is reflected in positive population development, low unemployment, and comparatively levels of high employment and education.

The peripheral local communities illustrate the need for a special entrepreneurship with a strong focus on the third sector, but cooperation with the public–private sector too, especially for needs that would otherwise be ignored. The picture largely corresponds to the findings of the Confederation of Swedish Enterprise (2013), where the population over a decade shows a decrease in small municipalities in the peripheries. The exceptions are Åre (with an increase of more than 7 %) and Krokomb (with 4 %). Clearly, Åre's international ski resort, and a marked increase in both social and political entrepreneurship, tells here, while for Krokomb it is rather a question of being situated very close to Östersund, the only regional city of any size in the area, with more than 20 % commuting daily.

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## 15.5 Conclusions

During a global depression, turning negative trends around in peripheral regions and small municipalities calls for extraordinary actions in the political systems on the part of actors in alliances and networks. In this study, social and political entrepreneurship have been studied by looking at socio-economic development over time in five local communities. As study objects they prove to have exactly the characteristics of marginalized and peripheral municipalities, with an average of population per km<sup>2</sup> of only 1–4, with the exception of Gnosjö. The other indicators show an even greater resemblance between the five municipalities in terms of socio-economic development, but with the exception of positive developments in Åre. Could the explanation in this case be a result of a comparatively strong social and political entrepreneurship? This study demonstrates that social entrepreneurship is necessary for peripheral local communities, but obviously not enough for local development and the maintenance of jobs, populations, and social capital networks. Combined with strong political entrepreneurship, the picture of a competitive local community emerges—one where low population density does not seem to be a hindrance.

Social entrepreneurship seems essential for the development of peripheral local communities, but political entrepreneurship must obviously be involved if it is to secure continuity and innovative new ideas. The absence of political entrepreneurship is observed for the smallest and least successful municipality of Ragunda. Partly, this is true for the largest as well, Sollefteå, where signs of a depressed business climate and low national ranking are also noted. The three areas seem to have an almost identical development of GRP, from a rather low at the turn of the century to the present situation, but in these figures the largest cities ought to be separated from the peripheral municipalities. The combination of social and

political entrepreneurship is obviously decisive for a large and increasing number of enterprises over time, and the same is true of the business climate rankings, whereas the effects on socio-economic development, as measured in terms of education, increase of income, and taxation per inhabitant are not as significant. Not unexpectedly, Åre shows not only the strongest link between social and political entrepreneurship, but also the largest number of companies per inhabitant, and the largest relative number of companies. The surprising fact is that this is a municipality with the smallest number of inhabitants—only 1 per km<sup>2</sup>—but this reflects the need for tight networking and various forms of entrepreneurship in connection with social capital and higher education. The presence of the international Åre ski resort can of course be seen as a municipal hub and a strong attraction, and in fact the outskirts of Åre are almost uninhabited. Åre also has the highest ranking in business climate in central Sweden, but even so is still far from the Gnosjö ranking of 15, and that having been 49. The shift in political majority in Åre—something not seen in the four other municipalities—could also be considered a sign of political dynamics and vitality. Åre also has Fäviken, a restaurant ranked third in the world, situated out in the middle of nowhere.

In studying business, sociologically and politically related terms such as entrepreneurial approach, strategic thinking, leadership, and team-building are frequently mentioned. Do all of these apply in sparsely populated areas? My preliminary results suggest that a marked bench-marking or diffusion effect is seen in the central Sweden region among the chosen local communities of Krokom, Ragunda, Sollefteå, and Åre, even in comparison with the well-known entrepreneurial municipality of Gnosjö. It seems that the combination of social and political entrepreneurship is a necessary, but not sufficient, condition in avoiding negative development trends, but it also calls for special arrangements in the peripheral outskirts of these municipalities.

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