

Economic geography and path creation: integrating past, present and future

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"We invest tens of billions of dollars every year on projects with several decades time perspective. The future is neither completely predictable nor completely random. Scenarios give us the opportunity to explore the different directions the world can take."

Jeremy Bentham, Head of Scenarios, Shell*

*<http://www.tu.no/olje-gass/2013/09/26/shell--togradersmalet-er-umulig-a-na>



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Existing perspectives on industry emergence

- Based on new technology (combination)
- Path creation extended from path dependence
- New paths as emergent outcome
 - *“Characteristic for evolutionary theory (...) it explains a current state of affairs from its history: ‘the explanation to why something exists intimately rests on how it became what it is’ (Dosi, 1997:1531, cited in Boschma & Frenken 2005:280).*
- Knowledge spillovers - regional branching
- Entrepreneurship and diversification



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Key idea of paper

- Economic geography: strong theory on historical evolution
- Lacking explanatory power for industry emergence
 - Mindful deviation (Garud & Karnøe 2001)
 - Lack of attention to the present
 - Demands focus on strategy and agency
- Transition studies: the contexts and dynamics of established 'regimes' vs. novel 'niches'
- Sociology of expectations: future expectations and visions are generative and integral to the present



Research questions

➤ In paper:

- *how are firms' strategies and activities linked to past, present and future circumstances?*

➤ Narrowed down for empirical analysis:

- *how are strategies and activities related to firms' historically accumulated assets?*

and

- *how are strategies and activities influenced by expectations of future developments of both currently mature and emerging industries?*



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Case example: offshore wind



- An emerging industry «niche»
- Branching from onshore wind and (increasingly) recombination with offshore oil and gas
- Vision: a major new energy technology and job creator
- Ongoing and expected ‘further, deeper, larger’ trend
- The «next industrial adventure»



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Norwegian offshore wind actors

- Firm legacies: offshore O&G
- Expectations:
 - decline in O&G «regime» and growth in offshore wind «niche»
- Expectations linked to
 - specific technologies
 - value chain opportunities
 - market segments (technological/spatial/institutional)
- Uncertainties related to visions, commitment, subsidy policy, technological progress



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Key take-aways

- Methodological implications
 - Cotemporaneous research, qualitative methods
 - Challenges and limitations
- Theoretical implications
 - Past, present and future are integral
 - Combine evolutionary and relational approaches
 - Particularly relevant for complex and slowly changing industrial systems



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Critical comments *highly appreciated!*

Thank you!

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