

## Introduction.

# The Baltic Sea Region Archipelagos and Islands: Conditions and challenges

**T**oday, the Baltic Sea is an internal sea in the European Union characterized by diverse geographies of its coastal areas, islands, and many archipelagos, located near the Finnish West coast and the Swedish East coast. Historically, the Baltic Sea has played an important role in the development of shipping and trade between East and West, South and North of the region. The islands and archipelagos of the Baltic Sea region (hereafter called BSR) have at times offered a safe harbor for ships, but also a space whereby people, goods, skills, knowledge, cultures, religions and political interests have met. In addition to maritime transports and trade some of the traditional economic activities in the BSR islands and archipelagos were agriculture and fishing. As the countries and societies around the BSR have been transformed by industrialization and modernization, the foundations for local livelihoods and businesses have changed. During the 20<sup>th</sup> century, pollution and eutrophication have become major factors changing ecosystems and livelihoods in the region. Today, the number of fishermen and farmers left

in the BSR have become decimated and tourism has become one of the key economic activities.

**THIS SPECIAL ISSUE** deals with a number of questions related to the livelihoods of people, economic conditions, challenges and opportunities for SME's located on the archipelagos and islands of the BSR. While some local conditions, problems, and challenges are shared by all rural, remote, and peripheral areas, the BRS archipelagos and islands have their own unique characteristics.

### Archipelagos and island studies

Most of the studies on archipelagos and islands highlight their unique geographical features such as location and landscape. A recurring theme in these studies is how various geographical features, economic and social conditions separately or in combination create challenges for the population and stimulate the search for creative solutions for such challenges. The debates often highlight the effects of a limited size of the local market for goods and services, limited amounts of natural resources and a

narrow resource base, costly exports and imports (as transportation costs are higher to and from islands), economic vulnerability to the fluctuations of the world market prices, higher risks of natural disasters, and small labor pools with limited availability of skilled labor or highly educated specialists. Thus, for islanders, emigration often becomes a solution for the mentioned challenges contributing to the existing economic problems. Although there is a growing body of literature on islands, our knowledge about archipelagos, especially on varying conditions and issues concerning a conglomerate of islands – that can seem to be quite similar at a first glance but that in practice can be very different – is still quite limited.

**MOREOVER, ALTHOUGH** the BSR as a region is frequently highlighted in the academic discussion in connection with such topics as geopolitics and security, governance, maritime questions, environmental challenges, economy and growth, territorial and social cohesion, and much more, the archipelagos and islands of the BSR have seldom been in the focus of researchers' attention.

## The BSR and the European Union

There is a common understanding, at least at the European level, that the BSR is one of the most dynamic regions in Europe.<sup>2</sup> Especially its maritime economy consisting of offshore energy production, (cruise) tourism and aquaculture are by the European Union labelled as “a role model” for the entire union.<sup>3</sup> Nevertheless, this bright picture is not always positive. Concerns have been raised about various economic challenges faced by inhabitants and business owners in the BSR. Some of these concerns are depopulation, seasonality of economic activities, lack of local opportunities for higher education, deficient (transport) infrastructure and risks for local economies due to the vulnerable status of the Baltic Sea.<sup>4</sup> Overall, the archipelagos and most of the islands in the BSR are considered to be lagging regions.<sup>5</sup> The development of ICT solutions is considered to be one of the most important opportunities for archipelagos and islands in the BSR,<sup>6</sup> but finding people with the right skills who can and want to work on the archipelagos and islands has become an obstacle for local businesses.<sup>7</sup>

**UNDOUBTEDLY, MOST** of the population in the European Union live in urbanized areas, and only a fraction of the BSR 80 million inhabitants<sup>8</sup> live on the islands and archipelagos. Consequently, a lion's share of the regional development initiatives and policies outlined and implemented by the European Union concerning rural and pe-

ripheral areas have an urban perspective, with results being in favor of urban areas<sup>9</sup> and most of the conclusions reached by decision makers are based on urban phenomena and urban based businesses in the countries around the BSR.

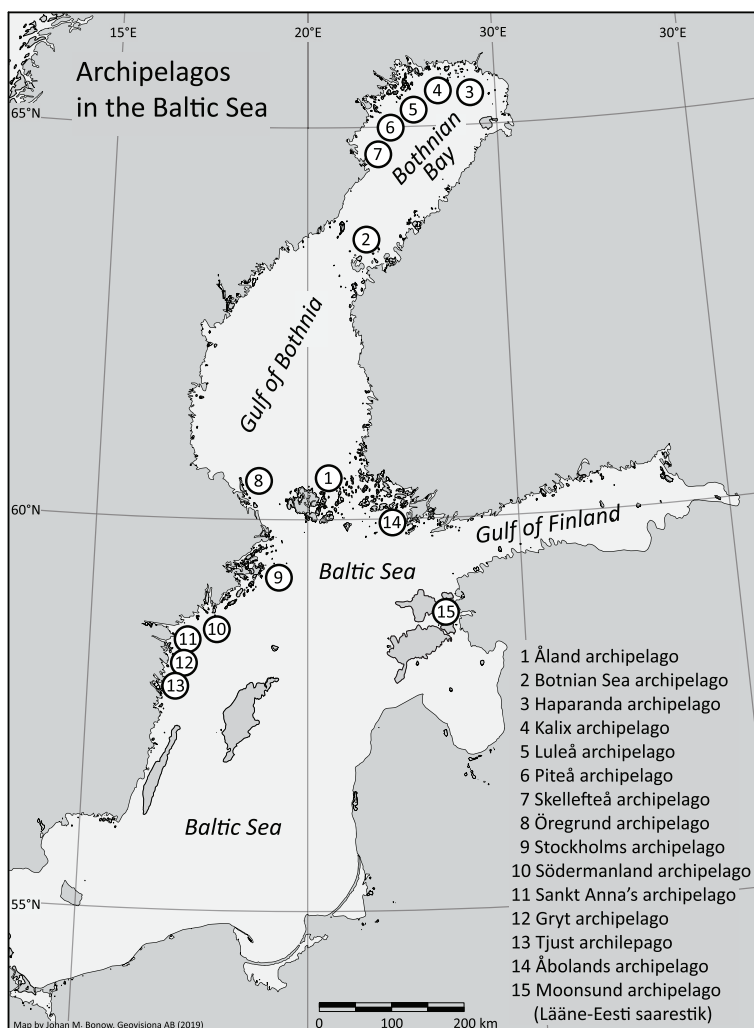
Some of the prioritized areas in the development policy for the BSR are energy production and transportation of energy, smoother solutions for infrastructure, economic integration, tourism (by strengthening the macro region, i.e. main lands and cities), and a number of environmental concerns including limiting the use of hazardous substances and promoting the bio economy,<sup>10</sup> to which the blue economy is expected to make a considerable contribution with production of energy (for

example wind mill parks), production of food (wild and cultivated fish) and recreational services for city dwellers.<sup>11</sup> But the perspective of from below, of the inhabitants and business owners in archipelagoes and islands have to a large extent been left out in the decision processes. This will be further discussed in this issue in the articles of Tunón et al. (page 40) as well as Rytönen et al. (page 74).

## Institutional aspects and governance

Formal and informal institutions as well as governance models and their qualities are essential to promote or curb socio-environmental and economic development. The BSR is highly institutionalized through the presence of a large number of inter-governmental, transnational, national and local authorities and their legislations and practices, as well as through the presence of a large number of non-governmental organizations. The number of laws, agreements, development agendas with a wide range of purposes lead to institutional ambiguity, not only in the questions concerning the common “marine” or environmental issues.<sup>12</sup>

Institutional ambiguity is aggravated by the lack of shared definition of what an archipelago is in the official documents of the European Union. Rural, remote, lagging and peripheral regions in the EU are most often defined as “predominantly rural and low-income regions” and are described in relation to income level, industrial structure, demographic characteristics, distance to urban centers, infra-



structure and educational level. But the remoteness and peripherality of archipelagos and islands is worsened by their geographical features<sup>13</sup> while income levels may or may not be low.<sup>14</sup> Thus peripherality in an archipelago or an island might sometimes be different to how peripherality is normally defined in other contexts. Moreover, as these challenges are not included in public definitions of archipelagos and islands (with the exception of large islands), policies promoting rural development are likely to be inefficient for addressing challenges in archipelagos and islands.

## Innovations and economic growth

In spite of all challenges there are a number of success stories in the archipelagos and islands of the BSR. Some examples are:

- Increased socio-environmental and economic sustainability in fisheries and fish elaboration in the elaboration of vendace, *Coregonus albula* where in contrast to before the entire fish is utilized instead of just the caviar and creation of value added by combining fisheries, food elaboration and tourism
- Local development by developing local culinary practices and products in the island of Bornholm
- Development of new tourism seasons and business models in Utö (Stockholm Archipelago).

There are of course many other examples. But all success stories show that it is possible to innovate and promote local economic development. Innovations, entrepreneurship and economic growth at local level are seen as key features to promote social cohesion and welfare in the BSR.<sup>15</sup>

A common denominator of success seems to be collective action from below, institutional settings that create spaces for growth and development oriented local authorities. Analyzing these examples in order to generalize and come up with place-specific development policies is a challenging task for researchers and policy-makers.

## Multiple geographies and peripherality

A growing research area that recently gained new momentum is concerned with multiple geographies of development, polarization, and peripheralization at various levels. This discussion raises further questions connected to the consequences of economic and socio-spatial integration in the European Union, as well as its limitations – an issue that is relevant for understanding how to promote integration, but ultimately how to address fundamental issues of the political legitimacy and long-term future of the European Union.

The main perspective in this discussion seems to be geographic,<sup>16</sup> but departing from the complexity and multifaceted dimensions in this topic, it is possible to conclude that such a discussion will deepen and benefit from input from various disciplines. In this case, island studies, entrepreneurship, environmental and natural resource governance at local level, history (in its widest sense) and peripherality are all perspectives that can contribute a better understanding of the causes and outcomes of peripherality. We also believe that focusing attention on archipelagos and islands can bring new dimensions into this discussion, not because of the geographical isolation of archipelagos and islands, but because they are part of and connected with their local, regional, national and global contexts.

It is our hope that this special issue will inspire to more studies in this direction. ✕

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Local communities in the archipelagoes are often dependant on many different local resources.

PHOTO: ROLAND STENMAN

Continued use of ecosystems:

# Challenges for fishing and farming communities

by **Håkan Tunón**  
**Marie Kvarnström**  
**Joakim Boström** and  
**Anna-Karin Utbult Almkvist**

Most of the Swedish east coast consists of archipelagoes with a vast number of islands, islets, and skerries facing the Baltic Sea (the Baltic Sea proper and the Gulf of Bothnia, including the Bothnian Bay). The first hunter-gatherer inhabitants appeared already at the end of the last Ice Age, between 12,000 and 9,000 years ago, along the border of the melting glacial ice, and the Baltic Sea archipelagoes have been populated ever since. Hunting, gathering, and fishing were complemented with agricultural activities in the gradual emergence of farmers and farming from the south beginning some 6,000 years ago.<sup>1</sup> Life in the archipelagoes has for millennia been dependent on a diversity of activities where harvesting of local biodiversity has remained the base together with transportation of people, animals, and goods and other activities. Local biological resources have constituted the base of the economy, and life has consequently been dictated by the periodic shifts in the occurrence of different species. For the people in the archipelagoes, life changes were generally slow over the centuries until the mid-20<sup>th</sup> century when things started to happen much faster with major social and economic changes as well as changes in land use patterns.<sup>2</sup>

In parallel with the recent societal changes, there is also an ongoing transformation of the landscape due to climate change and, in the north, post-glacial isostatic rebound, i.e. land rising from the last Ice Age. As the decades pass, the shallow bay will turn into a coastal meadow and eventually a new forest. This rebound is today about 10 mm/year in the northern parts of the Baltic Sea and around 1 mm/year in the most southern parts.<sup>3</sup> Particularly in the Kalix Archipelago along the most northern coast of the Baltic Sea, these changes are very real for the local people.

During the past fifty years or so, the societal changes in the archipelagoes have included an increasing urbanization, and the number of permanent residents along the coast and in the archipelagoes has decreased. Fewer active farms and a growing number of summer houses for urban people is the current norm in many areas. Fewer active farms means fewer grazing animals and an increasing encroachment of woody plants, resulting in a changing flora and fauna and a lower biodiversity.<sup>4</sup> Technical developments in the fishing industry over the last half-century have resulted in larger and stronger boats and more efficient fishing tools.<sup>5</sup> Heavy industrial fishing has changed the balance between different fish species in the Baltic Sea, and it has also changed the relations between large-scale fishers and small scale (often part time) fishers in the archipelagoes. National and

EU legislation has favored industrial-scale fishing, making it difficult for small-scale fishers to continue their practices.<sup>6</sup>

Over the past century, toxins have heavily affected the populations of many fish species as well as top predators, e.g. seals and white-tailed eagles. The present trend shows decreasing levels of toxins in the Baltic Sea, and they are today below EU threshold values with a few exceptions.<sup>7</sup> However, there is an ongoing problem with increasing concentrations of nitrogen and phosphorous in the sea water and related blooming of blue-green bacteria.<sup>8</sup> During recent years, seal, cormorant, and white-tailed eagle populations have recovered and grown considerably, and in particular seals and cormorants are today a major problem for the local fishers.<sup>9</sup>

The purpose of this paper is to highlight some perspectives on local human-nature relations and future challenges for local residents along the Baltic Sea coast who still live an essentially traditional lifestyle.

## Methods and sources

In this essay we have chosen to abandon the academic tradition of describing the local community and its reality from a purely academic perspective, and instead we have worked across knowledge traditions. Our methodology has therefore been a direct co-production of knowledge and the inclusion of the life experiences of the people directly involved in the reality being studied. Consequently, the writing of the essay has been based on the observations of Marie Kvarnström and Håkan Tunón as researchers, together with observations from the local land and sea users Anna-Karin Utbult Almkvist (a farmer in the Sankt Anna Archipelago) and Joakim Boström (a fisherman in the Kalix Archipelago). Hence, the process has been both emic and etic (emic is the perspective of the community, while etic is the perspective of the researcher) with a strong focus on transdisciplinary collaboration in order to achieve a richer picture. We have in this process tried to create an objective text that at the same time highlights the concerns of some of the practitioners living in the archipelago.

Our study thus comprises both academic knowledge production and local knowledge production combined in a similar manner as the procedures and work of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES).<sup>10</sup>

**Focus areas:** In this study we have mainly focused on and compared two different archipelagoes: the Sankt Anna Archipelago in the Southern Baltic Sea (approx. 58°20' N 16°50' E) and the Kalix Archipelago.

## abstract

Although there have been great changes in the lives and livelihoods of people in the Baltic Sea archipelago during the last century, the lives of local inhabitants are still strongly linked to the local nature, culture, and history. Customary use of local ecosystems provides resources for the household, but it is also an important carrier of local identity, culture, and way of life. Fishing, hunting, and harvesting of berries, mushrooms, etc., function as cultural and intergenerational glue for the local community context even today. This paper reflects upon the cultural and social importance of the small scale and informal economy in the Swedish Baltic Sea archipelago for sustainably living local communities, some of the present challenges to its continuation, and the potentials for positive change. It is based on participatory research on customary use of biodiversity and local and traditional knowledge in the Kalix Archipelago in the northern Bothnian Bay and in the Sankt Anna Archipelago in the Baltic Sea proper.

**KEY WORDS:** local community, customary use, bio-cultural heritage, local and traditional knowledge, Sankt Anna Archipelago, Kalix Archipelago.



A map showing the locations of local community informants in the process of the Nordic project Biodiversity and Ecosystem Services in Nordic Coastal Ecosystems – An IPBES-like assessment (2015–2018). 1 = The Sankt Anna Archipelago. 2 = The Kalix Archipelago.

go in the northern part of Bothnian Bay (approx. 65°44' N 23°6' E). Data were also collected from informants in other parts of the Baltic Sea (see map above).

The main data collection for this paper took place within two different research contexts – NAPTEK (Swedish National Programme on Local and Traditional Knowledge related to Conservation and Sustainable Use of Biological Diversity, a governmental initiative within the Swedish implementation of the UN Convention on Biological Diversity, 2006–2012) and the Nordic project Biodiversity and Ecosystem Services in Nordic Coastal Ecosystems – an IPBES-like assessment (2015–2018).<sup>11</sup> The latter was mainly financed by the Nordic Council of Ministers and the Swedish Environmental Protection Agency. Within these two contexts, multiple interviews and participatory workshops have been performed, and there has been close communication between the participants in both projects.<sup>12</sup> Furthermore, in the Kalix Archipelago some 40 local community members are involved in a long-term local ecomapping initiative by the community-based organization Kustringen regarding land use and fishing.<sup>13</sup>

## The study areas

### Sankt Anna Archipelago is situated east of the town of Söderköping:

The name is taken from the patron saint of sailors – Saint Anne – due to the difficulties in navigating this shallow archipelago. The parish was formed in 1521, and the first settlements are probably from a time when they were mainly used for seasonal fishing. The number of inhabitants increased until the late 19th century when the land was redistributed, farms became scattered, and some families moved to other islands. Today, the number of permanent residents is around 65 people. The area is forested and fertile in the inner archipelago and has countless bare islets and skerries in the outer parts. The waters are shallow and rich due to the large amount of light reaching the sea floor. Most of the archipelago is still owned and used by permanent residents. The area is today set to become a Baltic Sea Protected Area named Helcom Marine Protected Area Missjö-Sankt Anna, which has been developed in cooperation between the county administrative board and the land owners. The farms in the archipelago are adapted to the available resources, and there is arable land in the inner parts and areas for grazing, hunting, fishing, and previously egg harvesting in the outer parts of the archipelago. The land rights are connected both to land and water, and for the farms in the outer part fishing has been the most important activity. This gave food for the people and the surplus could be sold. Previously all farms had fields and animals, mainly sheep and cattle, but when the fishing became more important or when other incomes were made available, many people quit farming. However, there are still plenty of grazing animals in the archipelago, but there are fewer farmers, with larger numbers of animals. Fewer farms are now situated in the archipelago, but animals are transported temporarily from the mainland for shorter periods. This, and the increasing numbers of tourists who disturb the animals, constitute a threat to the farmers who reside in the archipelago.

**Kalix Archipelago:** The archipelago outside the mouth of the Kalix river is low-lying land that has only relatively recently risen from the water. In the mid-16<sup>th</sup> century, Kalix municipality consisted of 27 villages and around 140 farms. Hunting, fishing, harvesting, and trade made the living fairly comfortable, and shipping, forestry, animal husbandry, and fishing were the most important sources for income. The villages along the Kalix River each had their own stretch of the river for fishing whitefish (*Coregonus lavaretus*) and salmon (*Salmo salar*), and in the archipelago the villages shared fishing rights in a similar way. The coastal villages caught whitefish, salmon, vendace (*Coregonus albula*), and herring (*Clupea harengus*). Seal hunting on the winter ice continued until the early 1970s. Many products, like salted fish, tar, and seal blubber, were exported to the more southerly parts of the country. In the 17<sup>th</sup> and 18<sup>th</sup> centuries, mining started in the area, and from the mid-19<sup>th</sup> century forestry and sawmills became more important. During the past century, the number of farms has decreased while the remaining ones have grown. There has been a similar development when it comes to fishing. Even if many people fish for their own household, the number




PHOTO: AMIOCHROSS/WIKIMEDIA COMMONS

PHOTO: ROLAND NYMAN

PHOTO: HÅKAN TUNÖN

Small-scale fishing is important in the Kalix Archipelago. Baltic herring has been highly valued for many centuries. The “caviar of Kalix” — Kalix löjrom (vendace roe) — is a product of Protected Designation of Origin in the EU and a product of great importance to the area.

of commercial fishers has gone down. Fewer people are getting their incomes from fishing, and municipal activities, e.g. healthcare and education, are now the most important source of income. Still, the use of the landscape for the household and for recreation remains of vital importance, i.e. fishing, hunting, and harvesting of berries and mushrooms. Many inhabitants are self-sufficient when it comes to meat, fish, berries, and mushrooms, and this knowledge is transferred to new generations. Furthermore, from 2010 the “caviar of Kalix” — Kalix löjrom (vendace roe) — has been a product of Protected Designation of Origin<sup>14</sup> in the EU and a product of great importance to the area.

### The local perspective on life in the archipelagos

Although there have been major changes in the lives and livelihoods of local people in the Baltic Sea archipelagos during the last century, the lives of most local inhabitants are still very strongly linked to the local nature, culture, and history, and many different resources are still commonly harvested.<sup>15</sup> Furthermore, the harvest of biological resources is often still regarded as an important part of the local cultural identity. For instance, household fishing is not only a way to get food on the table — it is also a way of life and a socially important way for people from different generations to interact and a way to pass on local knowledge to future generations.<sup>16</sup> It is perceived as an inalienable way of life.<sup>17</sup> Even if the people in the local coastal communities could physically survive without the fish, the social and cultural loss would be very high for many people. The surplus of the catch can be given away to relatives, friends, and neighbors, and this strengthens the social

bonds in the community. Extensive household fishing could be a valuable source of income for all ages if the regulations were more forgiving, but changes in regulations have gradually deprived the land and water owners of economic resources. The use of local biological resources and the transfer of related local knowledge from generation to generation are important social aspects of living in the archipelago. The local area is not just a geographical site for one’s livelihood, and here one often talks in terms of a deep sense of place or belonging to the land. The biological, cultural, and societal aspects thus make the place special and unique to the local people.<sup>18</sup>

When living for several generations in a certain area, the local community develops a vast body of knowledge regarding the local geography, biodiversity, local climate variations, and different types of customary use of biological resources. The transfer of such local and traditional knowledge from generation to generation is still an important social aspect of living in the archipelago, both as a cultural heritage and for the expertise needed

for everyday life when dependent on local biological resources.<sup>19</sup>

Biocultural heritage is a concept that has evolved over the last decades and is used to describe the interactions between local culture and biodiversity as well as the results of these interactions. Traditional land use shapes the landscape and the composition of

### “TRADITIONAL LAND USE SHAPES THE LANDSCAPE AND THE COMPOSITION OF SPECIES IN THE AREA, CREATING A BIO-CULTURAL LANDSCAPE.”

species in the area, creating a bio-cultural landscape. For instance, grazing on islands creates an open landscape with grass and a rich diversity of herbs, insects, and birds rather than dense bushes of only a few species. When grazing, animals are moved between the islands, hence they are also important for seed dispersal.<sup>20</sup> Previously, local people have made different efforts in



PHOTO: LET IDEAS COMPEAT

Kayaks make it easy to visit bays and lagoons with shallow waters.



PHOTO: ANNA-KARIN UTTBULT ALMKVIST

Sheep and cattle still graze on some of the islands of the archipelago.

order to favor the desired species and increase the possibility for future harvesting. One example is nesting boxes for seabirds like goldeneye (*Bucephala clangula*) and goosander (*Mergus* sp.) that used to be put up for egg harvesting, an effort that also benefited the breeding success of these species. The landscape in the archipelago of today is filled with traces of the historical use of the landscape, such as clearance cairns, stone walls, old house foundations, remnants of jetties, etc.<sup>21</sup> These traces are remnants of activities with a vital function for life in the archipelago, and the landscape should be seen as a cultural landscape that has been shaped and maintained by traditional land use.<sup>22</sup>

## Present challenges

The rapid changes during the last half century have created multiple strains on the traditional way of life. There are several conflicting interests in the Baltic Sea archipelago area involving different constellations of actors, creating what appears to be a wide variety of conflict areas viz-à-viz the local community and the connected way of life.<sup>23</sup> Below we discuss some of the important challenges to the continuation of traditional lifestyles in the archipelago.

**Tourism vs. local communities:** Tourism is often highlighted as a way to contribute to the conservation of natural and cultural values as well as a way to bring increased income to the local community. However, in the archipelago the benefits from tourism seldom reach the local communities, while traditional culture and resource use are suffering from some of tourism's negative effects.<sup>24</sup> Tourism in the archipelago mainly focuses on boating, swimming, hiking, and sport fishing. These uses are often considered to be fairly non-problematic, but they come with a host of problems. The archipelago has recently been made more readily accessible, for instance with kayaks that make it easy to visit bays and lagoons with shallow waters, i.e. the biodiversity-rich nurseries for many species. The use of GPS on larger boats makes it easier for such vessels to navigate in shallow waters. Visitors, sometimes with loose dogs, on the islands during the summer often disturb grazing animals and wildlife such as nest-

ing birds. Jet-skis move loudly about at high speed, disturbing both animals and people. Commercial sport fishing tours might affect the local catch, and cases of disturbances in spawning areas have been discussed. Furthermore, sport fishing tackle sometimes becomes entangled in nets used for smallscale household or commercial fishing.<sup>25</sup> More local involvement in ecosystem management might benefit local biodiversity. One example in the Sankt Anna Archipelago is the desire of many residents to protect perch and pike from fishing in the spring, which the authorities have not approved so far. Each spring large sport fishing competitions are held in the archipelago with boats fishing in most places. The local residents see this as a disturbance of spawning fish and breeding birds, which they would like to curb. Land owners cannot even protect their own waters and adjoining land areas, and they find little space for dialogue with the authorities.

In Sweden and in the EU there are strong lobby groups favoring industrial fishing and sport fishing over household fishing, and recent changes in legislations and other regulations have made household fishing more difficult (see further below).<sup>26</sup>

### Grazing of animals from the mainland farms vs. from resident

**farms:** Many islands in the Sankt Anna Archipelago are still grazed, which helps maintain their biodiversity when the grazing is undertaken with knowledge of the local ecosystems and traditional land use.<sup>27</sup> The farmers move the animals from island to island during the grazing period, transporting them by boat. Previously, the grazing was by resident farmers' animals, but in the last few years an increasing number of animal farms on the mainland have brought their animals to Sankt Anna Archipelago islands for grazing during a limited period in the summer because they have discovered the opportunity to seek both environmental compensation and transportation support for grazing on the islands. They thus get the benefits from grazing in the archipelago but without the extra costs and work of living year-round on an island. In 2017 the funds for transportation support were used up early, and some island farmers had to manage without. This development might mean the end of some of the



year-round animal husbandry in the archipelago, which is important for maintenance of island biodiversity since it includes the opportunity to observe the ecosystems and meadows on the islands year-round and allows the flexibility to choose early or late grazing or to let some areas rest as needed.

**Industrial fishing vs. local fishing:** Coastal fishing in the Baltic Sea, including the Bothnian Bay, has undergone great changes from the 1950s to today. In the Bothnian archipelago there were no specialized commercial fishers before the Second World War – this is a very recent development. Fishing was earlier always one of several legs that underpinned the livelihoods and economies of coastal families.<sup>28</sup> One often had a small farm that was complemented with small-scale forestry, hunting, fishing, day labor, and seasonal employment. These small-scale, coastal fishers were the ones who introduced trawling for vendace in the Bothnian Bay, which is of fundamental importance in the area today. However, nowadays the vendace fishing has largely been taken over by a few commercial fishers. Similar developments have taken place in the Sankt Anna Archipelago, where fishing used to be more important than farming. The farms consisted of strips of land in an east-west direction in order to create opportunities for all for different kinds of seasonal fishing in shallow as well as deeper water. Eel fishing was the backbone of the fishing during the last century according to older fishermen. However, since 2007 only a few registered fishers have been allowed to fish for eel due to the threatened conservation status of the species. Generally the fish stocks have gone down and there are annual variations as well as differences between different parts of the archipelago and local knowledge. Local knowledge is of utmost importance because such fluctuations are followed closely by the local people, especially in the inner parts of the archipelagoes, in order to safeguard fish populations for the future. There is no industrial fishing in the more shallow inner parts, and the specialized commercial fisher is a fairly recent result of modern society's drive for large-scale operations and economic profitability. Recent developments in fishing along the coasts of the Baltic Sea favor industrial-scale fishing further from the coast and with fewer and larger ships. It is therefore increasingly difficult for the small-scale coastal fishers to compete with the industrial fishing. The present legislation and the system with fishing quotas makes it almost impossible to establish a fishing enterprise or to maintain the heritage and traditions around fishing.<sup>29</sup> Previous generations of part-time fishers have had the possibility to sell surplus in order to develop their enterprise step by step, but today there are strict regulations with licenses for commercial fishers in order to be allowed to sell fish, with strict requirements on economic profitability and a boat with sufficient tonnage. Hence, there is little recruitment of new younger fishers. At present, an EU law prohibits fishers without a license from selling any surplus fish

from subsistence fishing in the sea.<sup>30</sup> A fishing legislation from 1993 made fishing with fishing rods in coastal waters free for everyone, even in private waters<sup>31</sup>, and at present there is a new suggested legislation under review that might result in the removal of the rights of household fishers to use nets and similar fishing gear. The purpose of this would be to safeguard the fish populations for industrial fishing and sport fishing and to increase the fiscal control of catches made<sup>32</sup> even though household fishing in all of Sweden only constitutes a few percent of the total fish landed in Sweden.

**Protection of species vs. local fishing:** When the number of residents in the archipelago goes down, the number of people that perceive the area as “pristine” goes up. The biocultural heritage of historical land use is considered to be a “natural landscape” and the continuous land use, like farming and household fishing, which has shaped the landscape, is misunderstood as a potential threat to the “natural values” of the area. This can be compared to the ideas behind the formation of Sweden's first national parks, e.g. Ängsö in 1909, where the local farmer and his grazing animals, which had shaped and maintained the rich biodiversity, were considered a threat to the pristine leaf meadows that needed to be protected.<sup>33</sup> Meanwhile, the populations of different fish-eating species, especially the gray seals (*Halichoerus grypus*), ringed seals (*Pusa hispida*), and great cormorants (*Phalacrocorax carbo*), have increased rapidly over the last couple of decades and are now strongly competing with local small-scale fishing.<sup>34</sup> Because these species are on the list of threatened species at the EU level, they are subject to protec-

## “THE BENEFITS FROM TOURISM SELDOM REACH THE LOCAL COMMUNITIES, WHILE TRADITIONAL CULTURE AND RESOURCE USE ARE SUFFERING FROM SOME OF TOURISM'S NEGATIVE EFFECTS.”

tive EU regulations resulting in conflicts between the protection of these species and human interests in the areas where they are more numerous. For instance, the seals in the Baltic Sea are today estimated to eat two to three times as many coastal fish as are caught in the fishery<sup>35</sup>, and in the Gulf of Bothnia small-scale fishing in the archipelago has become extremely difficult in some areas, with seals appearing on the nets within minutes of the catch.<sup>36</sup> The seals might even threaten the future production of Kalix löjrom (the vendace roe). It has also been highlighted that the present seal population might be on the verge of starvation due to its large size. Local people have observed a change in the seal's menu from previously mainly fatty fish, like Salmonides, to leaner fish like perch (*Perca fluviatilis*) with much lower amounts of energy per fish. This is considered a sign of starvation. Protective seal hunting in the vicinity of fishing equipment is legal but very difficult and often risky, and since 2010 there has been a ban on seal products on the EU market.<sup>37</sup> The ban can be seen as a disincentive to hunt because the byproducts from the hunt have lost most of their potential use, and the people from the local communities generally consider it disrespectful to the hunted animal to let the products go to waste. There is an exception in

the regulation for seal products “which result from hunts traditionally conducted by Inuit and other indigenous communities and which contribute to their subsistence” if the hunts “are part of the cultural heritage of the community and where the seal products are at least partly used, consumed or processed within the communities”. Seal hunting and the use of the catch used to be an important part of the diverse culture in local communities along the Swedish Baltic Sea coast prior to the population decline in the 1960s and 1970s. Knowledge on how to use different parts of the seal for food and other purposes is still present among some parts of the local community, but this will probably gradually disappear unless the EU ban is lifted.

**Authorities vs. local communities:** An often highlighted complaint from the local communities in Sweden is that the authorities do not really listen to the knowledge and perspectives of the local residents and communities and that there is no space for dialogue with the authorities.<sup>38</sup> In some cases the knowledge of the local communities is ignored or is even ridiculed, which creates a feeling of mutual disrespect and suspicion if a dialogue were to take place. This might give rise to decisions and regulations that have strong implications on factors that are seemingly unrelated to the initial focus of the regulation. For example, in order to protect the wild sea trout (*Salmo trutta*) populations in the region, a general ban was issued in 2006 regarding fishing in waters less than 3 m deep in the Bothnian Bay and Kvarken between April 1<sup>st</sup> and June 10<sup>th</sup> and between October 1<sup>st</sup> and December 31<sup>st</sup>. However, the local villages in Kalix have documented their catches during the seasons and shown that their bycatches of sea trout mostly are in outer parts of the archipelago and not in the shallow waters in the inner archipelago, meaning that fishing in the inner archipelago should pose no threat to the trout population. The ban has had a significant negative impact on the local culture and quality of life of the local communities, and fishing is now prohibited in large areas of the traditional fishing waters for a large part of the season. The traditional artisanal fishing practices for whitefish, perch, and pike (*Esox lucius*) during spring and autumn are now almost non-existent because the prohibition periods coincide with the main traditional fishing season. As mentioned above, there is also today a political suggestion for a general ban on household fishing with nets in favor of sport fishing and industrial fishing.<sup>39</sup> The local people expect that the effect of such a ban will be devastating to their way of life in the archipelago.<sup>40</sup>

There is a problem with rapid changes in the ecosystems, and there is a risk that regulations regarding protection and management might be quickly outdated. For instance, the conflict between fishing and seals has been highlighted from the local communities for a long time, and both household and commercial fishers have wanted to establish a dialogue with the regional authorities regarding this. The fishers think that the processes

that lead to decisions about governance are too slow and not concrete enough, and local experiences of the seal problems are that they have worsened dramatically in just the past couple of years.


**Pollution and climate change – large-scale impacts from non-local sources:** For many decades, the Baltic Sea has been affected by nutrient discharges and hazardous substances. In the past century, poisoning from heavy metals, PCB, DDT, dioxins, and other chemicals along with more efficient fishing, heavily affected the populations of many fish species as well as top predators. In the late 20<sup>th</sup> century, toxin levels in some of the fish from the Baltic Sea were so high that they were banned on the EU market. The present trend shows decreasing levels of toxins in the Baltic Sea, and they are today below EU threshold values with a few exceptions.<sup>41</sup> However, there is an ongoing problem with increasing concentrations of nitrogen and phosphorous in the sea water and related blooming of blue-green bacteria.<sup>42</sup> Although improvements have been made in recent years, a lot of work remains before the marine ecosystems can be considered close to a natural state. Climate change is already affecting the waters of the Baltic Sea, and projected future changes include acidification, rising sea level, decreasing ice cover, and different precipitation patterns.<sup>43</sup> Climate change is expected to have a major

impact on marine ecosystems and fish populations in the Baltic Sea and the Bothnian Bay, with inter alia a decrease in cold water-favored fish species such as burbot (*Lota lota*), grayling (*Thymallus thymallus*), salmon, trout, vendace, whitefish, and herring.<sup>44</sup> One concern is also a potential 3- to 6-fold increase in methylmercury in the Bothnian Sea due to biogeochemical changes from climate change.<sup>45</sup> On land in the archipelagoes, the summer drought of 2018

showed how difficult a predicted hotter and drier climate might be for local farmers and other local residents. While the causes of climate change are caused on and need to be mitigated on a global scale, the impacts are felt at the local level. The urgency to curb the use of fossil fuels and arrest climate change is monumental, and much will depend on what decisions are made over the next few years.

**Monetary and non-monetary ecosystem services:** Companies and authorities often perceive short-term monetary values as one of the most important indicators in planning and governance of resources and the landscape. To some extent this is also true in local communities, but most often other non-monetary values are included in the calculation. With a good proportion of resources harvested from the sea and land, the household income might be sufficient and sustainable at a much lower level than if it were to have to rely solely on monetary sources. Short-term profits often jeopardize the long-term sustainability of the use of a resource, but local communities that are dependent on

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Like a lighthouse, “indigenous and local knowledge” should guide us in our quest for sustainability, according to IPBES. The lighthouse at Lutskärsgrund in the Kalix Archipelago.

PHOTO: JOAKIM BOSTRÖM

local resources have an incentive not to overuse such resources, and this is often stressed by local residents. Often in these contexts the issue of the tragedy of the commons is brought up, but in both archipelagos studied here there is a fair bit of collective governance of the resources.

To the people in the archipelago, the sea and all the islands of the archipelago have provided livelihoods for centuries through a variety of resources. In every farm or village there are still traces of the close connection to local resources. All year long the archipelago is accessible by boats, skis, or snowmobiles, and people go there for recreation as well as for the resources that can be found there. Fishing areas have been inherited for generations, and the emotional loss through, for instance, the 3 m fishing ban that now makes fishing illegal in many places is tremendous. Either the people continue their cultural heritage and engage in illegal fishing or they simply abandon their traditions. The local people explain that there is a freedom and a sense of belonging in eating your own fish, game, or products harvested from the land. The very reason why the local people live in the archipelago has in our interviews been stated to be the closeness to the sea and its resources.<sup>46</sup> The way of life and the local culture is centered around the archipelago and the intergenerational learning on how to use and respect the resources of the area.

## Needs for change and possibilities for the future

Because the local community members of the archipelagoes often have a close and intimate relationship with nature and spend most of the year in the area, the people have the possibility to follow changes in nature when it comes to fluctuations in populations, habitats, and climate. The local users of biological resources often notice anomalies very quickly. If these are to be detected through research studies or inventories made by the regional authorities, there is a time lag between the change and the relevant inventory or similar activity that can observe the change. Furthermore, a change can then only be detected if a baseline inventory has previously been carried out. For instance, test fishing in order to determine the size and compositions of local fish populations is sometimes performed only once a year or with several years' interval and only at a certain location, and inventories of seabirds are often done at irregular intervals and only seldom at a yearly interval. Internationally, the concept of

community-based monitoring has been used to describe monitoring projects that are planned and performed by the local communities. The permanent residents living in the archipelago spend most of the year in the area observing changes and often have long-term experiences of what might be perceived as some kind of baseline. They are often more likely to observe a change at an early stage than the regular inventories, and together they cover a far larger area of the coast.

Community-based monitoring systems can be used to get more detailed monitoring data from many different locations and might lead to closer communication between authorities and local communities. An interesting example is the PISUNA project. Since 1999 the Greenland government has been piloting a monitoring project of the existing natural resources along the west coast of Qaasuitsup municipality. The municipality has a total area of 660,000 km<sup>2</sup> and a low population density, and thus conventional biodiversity monitoring would demand huge resources in time, personnel, and money. Consequently, the local people have become directly involved, not only in data collection, but also in analysis and in making suggestions for resource management. Studies have shown that the statements from the hunters and fishers are well in accordance with the predictions of scientists based on conventional inventories.<sup>47</sup> However, there is still a way to go before PISUNA is systematically used to inform management decisions.<sup>48</sup> A parallel and increasingly appreciated concept among scientists is that of citizen science, where ordinary people contribute with data collection for the scientists who then do the analyses and make the interpretations. One difference between community-based monitoring and citizen science is that the initiative and design of the work in community-based monitoring comes from the local people rather than from the involved scientists.<sup>49</sup>

According to the local community members, there is an urgent need for a dialogue with the authorities and a need of the authorities to take the experiences of the local people more seriously. From our previous work we have argued that there is a lack of arenas for dialogue between local users of biological resources and the authorities in order to safeguard a sustainable use and conservation of biodiversity.<sup>50</sup> We would also argue that there is a need for a transdisciplinary sharing of knowledge and experiences in order to make well-founded decisions. The IPBES was formed in 2012 to create a better basis for decisions, and it



represents the idea of co-production of knowledge through the meeting of different knowledge systems.<sup>51</sup> Even if the intentions are good, the methods for the local communities to have their voices heard in the international and national academic and political arena remains to be solved. The IPBES also emphasizes the need to acknowledge the interaction between biodiversity, ecosystems, and human society as well as human wellbeing. The UN Convention on Biological Diversity argues for the importance of “full and effective participation of indigenous and local communities” at all levels of decision making regarding conservation and sustainable use of biodiversity and states that local and traditional knowledge as well as customary use should be encouraged and respected. But what does “full and effective participation” mean and how do we interpret “respected” in the administrative work of conservation and the sustainable use of biodiversity?

## Concluding reflections

It is possible to estimate the economic values of local biological resources and to value the more tangible ecosystem services, but the social, cultural, and spiritual ecosystem services are often inadequately dealt with in planning and decision making. How can we put a price on the love of our homeland? What is the price of the joy you feel when bringing your own food to the table? How much is it worth to be able to transfer the local knowledge and tales of your parents to your children or grandchildren? It is important to emphasize the value of the cultural dimensions of the use of natural resources in an area and to take them into account in the governance of landscapes and their resources. There is often a multitude of values in a particular use of a biological resource according to the local community, and the “resource” is seldom seen as just a commodity. The economic values are reasonably easy to calculate, but how do we deal with the social, cultural, aesthetic, and spiritual ecosystem services connected with the use? What kind of natural resource use gives us the optimum societal value? How do we achieve the sustainable society that so many are speaking about, and what space in that society should be given to local, small-scale users of ecosystems? As is so often the case, this seems to be a matter of a clash between two different world views. ❌

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Objects found in the water close to one of the shit-pits.

PHOTO: JOHAN HEGARDT

# Shit-pits and the archaeology of a lost economy

by Johan Hegardt

“Those who possess a treasure will guard it carefully and seek to preserve it or improve it.”<sup>1</sup>  
It's the end of May 2018 and I am returning to Stockholm from my family's summer residence in the Stockholm archipelago. The property is from 1918 and I have spent my summers there since 1960, the same year that I was born. It was my maternal grandparents who bought the place after my English-born grandmother had inherited a sum of money. In those days the island had three farms, all more or less economically sustainable. Today there is only one left, and it will probably close down soon.

When waiting for the ferry, I talked with one of the inhabitants. When I asked her why she was not out on her jetty that much any more, she replied that there are too many sailing-yachts anchored close to it. She explains: “It's like saying ‘Here I am, and who are you?’ It's not that fun sunbathing when unknown people are watching you.” She also tells me that when

her father came down to their jetty to use his boat, two young kids in a small rubber-boat asked him when he was leaving because they wanted his place at the jetty. Their parents were encouraging them from their sailing-yacht. He made clear that this was his property, but they did not take any notice.

She told me that she is worried about the island and that too many people are moving around on it, with too much pressure on the fragile environment.

Her mother was born and grew up on the island, and her father is from a neighboring island. Their families are inhabitants of the archipelago, and have been a part of the old economy, but a new economy is forcing them to step back, and it's even taking their place, as shown in the example above.

They have a house on the island, where they live all year round, even in the dark winter months when the people from the new economy are absent. It's in the forest and not on the shore, but their jetty is and it's their property. According to the



law those that enter the jetty are trespassing, but what can he do – call the police?

This example is typical. Those who live in the archipelago and who were once a part of the old economy are now facing a new economy and they are pressing back. I will in this essay try to explain why.

This essay derives from a small project that is generously funded by *Helge Ax:son Johnsons Stiftelse*. My sources come from archives, interviews, excavations and inventories, and published material. References to published material have been narrowed down to as few as possible and represent a rather diverse field of texts, ranging from scientific publications to popular books. The archived material comes from *Stadsarkivet* (City Archive). Inventories, excavations, and interviews have been carried out on the island. I have decided not to mention the name of the island, nor the names of the people interviewed. Instead, the island will be called “Island”, and the interviewed individuals will be called interviewee 1, interviewee 2, and so on. Five interviews were conducted: one woman aged 93 when interviewed and four men in the age span between 65 and 98 when interviewed. I have also talked to people about the issues discussed in this essay.

## A story takes shape

Since the early 20<sup>th</sup> century, the summer population and the resident population have populated the archipelago.<sup>2</sup> The majority of the summer population had and still have their permanent homes in Stockholm. The archipelago was first used in the late 19<sup>th</sup> century, but only islands close to Stockholm. Rich families erected huge villas in the style of national romantic architecture.<sup>3</sup> The whole family, including servants, moved from the city to these fashionable buildings for the summer. This tradition, together with an equally old tradition of sailing in the archipelago, is an important myth in the new economy.

A summer population in the archipelago is of course not unique for Stockholm. A similar phenomenon can be found in Finland, and I assume also in other countries around the Baltic Sea.

As long as I can remember, I have been aware of small pieces of glass, ceramics, and metal fragments in the fields on the Island. A few years ago I wanted to know more, and I asked interviewee 1 what he knew. He told me that they used to transport feces and garbage for fertilizing from Stockholm to the Island. *Skitgropar* (shit-pits) that the farmers dug along the shore and close to the fields were filled. He did not have any experiences of the practice, but his father had told him that it ended during the 1920s, which I later found was correct.

That was not a sufficient explanation to dispel my curiosity. I contacted *Stadsarkivet*, *Stadsmuseet* (City Museum) and *Sjöhistoriska museet* (Maritime Museum) in Stockholm to find out what they knew. They were aware of the word *skitgropar*, but that was all. After some work, I came across archived material at *Stadsarkivet* and some literature at *Kungl. biblioteket* (Royal Library). An amazing story took shape, which apparently was almost forgotten, involving not only the archipelago, but the whole region surrounding Stockholm, and it all began in 1849.

## Stockholm 1849

The old woman (interviewee 2) that I interviewed was the daughter of a farmer on the Island mentioned in the archived material, but she had no experience of the practice. Many of the older generation know where the pits are situated on the different islands. They told me stories that as kids they used to stroll behind the plow picking objects out of the field. Among the most fascinating objects found were doll-heads.<sup>4</sup> Many informed me that they have them at home somewhere, but cannot remember exactly where. I have never seen one and am beginning to suspect that they don't want to show me them for various reasons, or as one person emphasized on a different occasion – “You're not supposed to know everything.” The archipelago has its *secrets*.

When I published a short text about *skitgropar* in the local paper, I was advised by the editor to contact an old man. It turned out that he was 97 and that as a young child he had taken part when his father used the material from a pit. When I told the story about the pits to a man from the summer population, he remembered that his father had passed a pit as a child when fetching milk at the farm and that it had been horrible, the whole pit was full of crawling things.

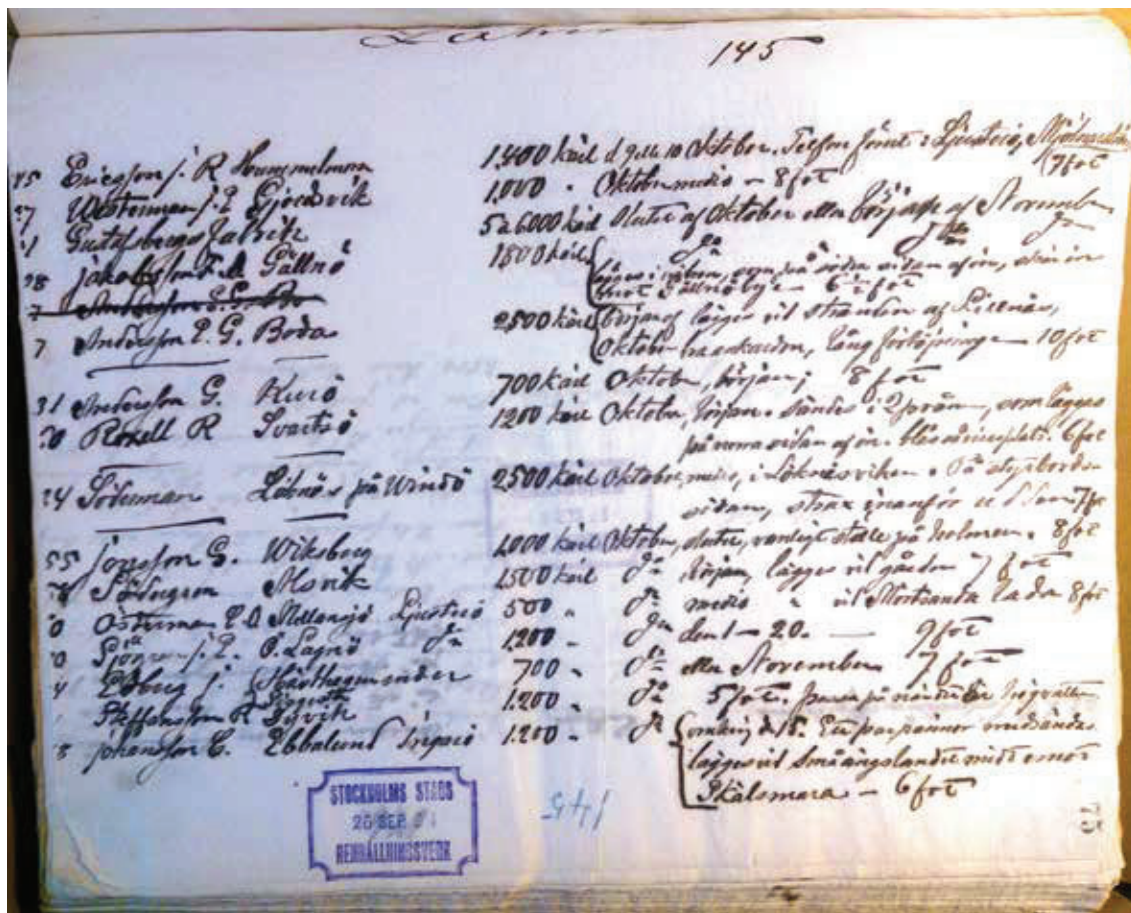
Despite these stories, there is a gap between those who once used the pits, now dead, and a generation after them knowing about their existence but not the whole story.

It all began in 1849. That year the Stockholm City Council bought Fjäderholmarna, a cluster of small islands situated in the Salt Sea in between Stockholm and Lidingö.<sup>5</sup> Today the islands are a popular tourist attraction and nobody remembers that the islands once were filled with garbage and feces.

Until 1850, garbage and feces were dumped around Stockholm, creating sanitation problems. Polluted water made its way down into the groundwater, and cholera epidemics killed scores of people. Something had to be done, and the islands were bought. A *Kungörelse* (public notice) from 1851 stated that feces and garbage must be placed in barges in the harbors surrounding the city. They were then transported to Fjäderholmarna.

In 1857, Anders Retzius (1796–1860), one of Sweden's more prominent scientists, published the essay “An easy way to handle feces so that it becomes clean and useful.”<sup>7</sup> Here he explains how to make fertilizer by combining garbage with feces. He also underlines that water should be kept clean. Accordingly, Stockholm now started to combine feces with garbage to produce fertilizer for sale. The archival material is very sparse from the first years, but it looks as if they sold feces and garbage from Fjäderholmarna as early as 1850.<sup>8</sup> The production of fertilizer for sale became more extensive from the 1860s. Barrels of feces and garbage were placed in barges and towed out to Fjäderholmarna where the barrels were emptied and cleaned and returned to the city.<sup>6</sup> Feces and garbage were placed in barges and transported by tugboats to the buyers.<sup>9</sup>

The stench from Fjäderholmarna was unbearable. A growing fleet of steamboats passed the islands and the passengers started to complain. The city therefore bought Löfsta and Riddersvik in 1885, two properties on the banks of Lake Mälaren.<sup>10</sup> From this point the production grew rapidly.



In the archives there are hundreds of papers with orders for feces and garbage that came from everywhere around Stockholm.

PHOTO: JOHAN HEGARDT

In 1894 Karl Tingsten (1863–1952), father of Herbert Tingsten (1896–1973), who would become a famous professor in political science, a leading liberal, editor in chief, and a critic of Nazism, took over as a director.<sup>11</sup> At this point the archived material is more reliable, and under his leadership they developed a new form of fertilizer called *pudrett*, a combination of feces and peat.

In 1885 there were 89 registered water closets in Stockholm. In 1927 they had increased to 106,187<sup>12</sup> and the amount of feces declined rapidly. The city also started to burn its garbage. The skitrop system would come to an end, but Stockholm would face a new problem, namely, the pollution of the Salt Sea and Lake Mälaren from the water closets. They had obviously forgotten Retzius' appeal, but that's another story.<sup>13</sup>

The *skitrop* system was, to use popular words by today's politicians, a "world-class re-cycling system" and a commercial practice that helped Stockholm handle its problems with garbage and feces. In popular language, the system was called *smutsguld* (dirt-gold) or *folk-guano*.

But more important is that the *skitrop* system demonstrates the archipelago population's trust in future farming. When buying feces and garbage for fertilizer, large economic and physical resources were invested. This is important to remember because there are not many farms left in the archipelago today. The fields are disappearing, and unproductive scrubland or houses for the summer population are shadowing an important part of the archipelago's history.

## The Island

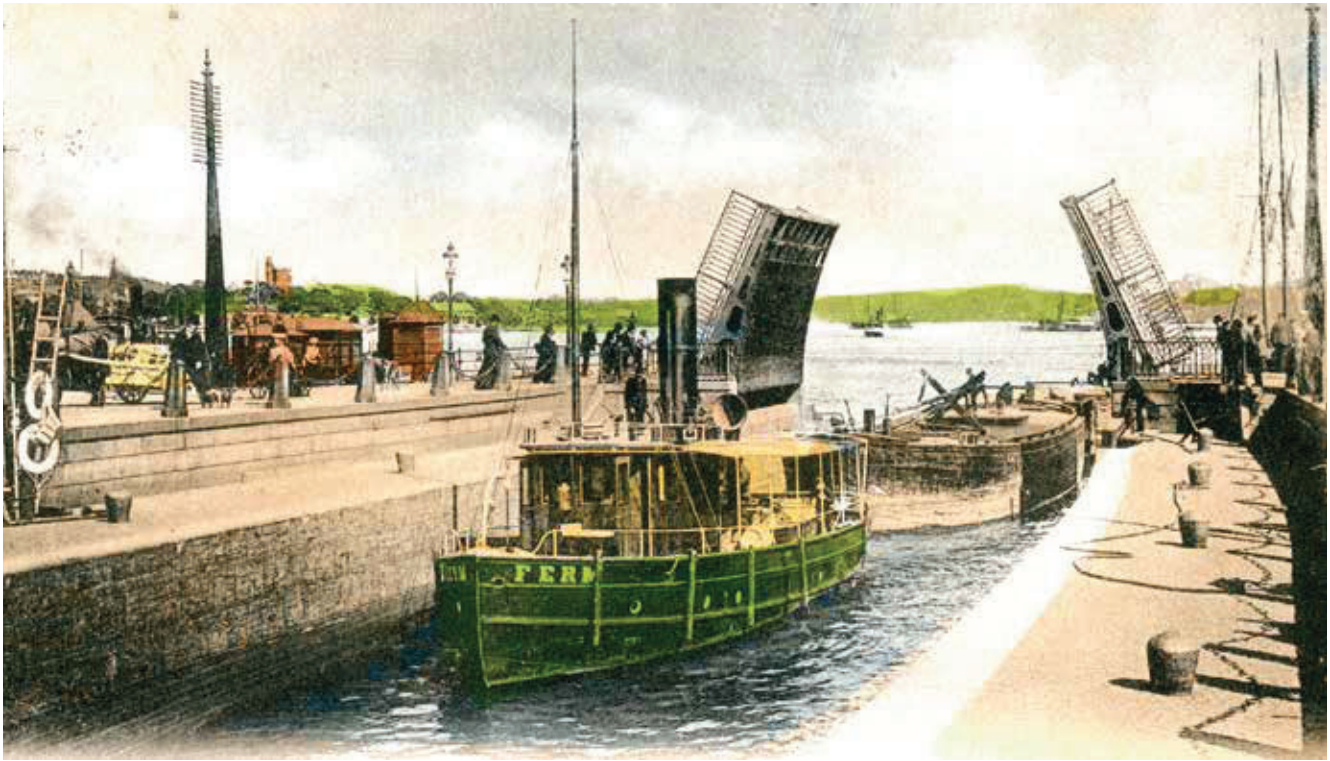
The most important archived material is the order list, collected in two volumes. On hundreds of wafer-thin papers the orders have been noted by hand, with different handwriting depending on who took the order. Sometimes it is easy to read the order, sometimes problematic. To be able to deal with this material, with ten or more orders on each sheet, I had to focus on one island, and for obvious reasons my focus fell on the Island. In all I found 11 orders, between 1894 and 1916, but I did notice orders from all around Stockholm.

Orders for *pudrett*, feces, and garbage came from everywhere around Stockholm. Rich people in fashionable suburbs surrounding Stockholm, for example Djursholm, ordered fertilizer for their gardens. They did not handle the stuff themselves, but had gardeners to do the job. Counts from huge estates around Lake Mälaren ordered too, and so did ordinary farmers from Roslagen – mainland areas north of Stockholm – and market gardens around Stockholm.<sup>14</sup>

Trains were used to transport the material from Löfsta to Roslagen or to the suburbs. To counts around Lake Mälaren or to farmers in the archipelago, tugboats were used, towing barges. They used two tugboats named the *Ferm* and the *Riddersvik*. Kilander was in charge of the *Ferm* and Bengtsson of the *Riddersvik*. Transportation could only be done when there was no ice.

The year 1907 was a top year when 1,036 barges were transported to buyers around Lake Mälaren and in the archipelago: 911 contained garbage, 70 contained *pudrett*, and 55 contained





*Ferm*, one of two tugboats that transported fertilizer, at Slussen 1905.

PHOTO: STADSMUSEET IN STOCKHOLM

feces. Transportation started on April 17 and ended on December 30. The total income was 17,264.70 SEK.<sup>15</sup>

In the new economy, tourists and the summer and archipelago population travel via high-speed ferries during the months without ice. Vaxholmsbolaget manages these ferries<sup>16</sup>, and each ferry travels approximately 21,000 nautical miles during one season.<sup>17</sup>

Three to five transportations took place every day, some only taking a few hours, others taking many days, depending on the distance. During an ordinary season the tugboats covered a distance over  $2\frac{1}{2}$  times the circumference of the equator.<sup>18</sup> The circumference of the equator is 21,600 nautical miles, and 21,600 multiplied by  $2\frac{1}{2}$  is 54,000 nautical miles. If we divide that by two, each tugboat covered a distance of 27,000 nautical miles in an ordinary season. That is 6,000 nautical miles more than Vaxholmsbolaget's ferries travel in one season, and the tugboats had only one captain each. This shows the massive scale of the enterprise and the hard work.

It's possible to connect orders with existing pits, fields, and buyers. I have measured one of the empty pits, and according to my calculations it could contain a maximum of 74 cubic meters. There is an order from 1894 for feces to precisely this pit, and it is related to when, according the current farmer, the field was cleared. The order was for 800 barrels of feces. One barrel contained 60 liters,<sup>19</sup> which means that the pit at this time was filled with 48,000 liters, or 48 cubic meters, of feces.

Prices between 1900 and 1909 were 0.20 SEK for a barrel of feces. The towing cost for each barge was 5 SEK for a nautical mile,

but this could be reduced depending on how many barges were towed.<sup>20</sup> From Lönsta to the Island it is approximately 30 nautical miles, which means that the farmer would have paid 150 SEK for towing and 160 SEK for the feces.

If we multiply this by the rest of the orders we find that roughly 480,000 liters of feces were used on the fields on the Island between 1894 and 1916 at a cost of around 1,600 SEK, a huge amount of cash for an almost cashless community.

The fertilizers did of course have a visible impact on the production, otherwise the farmers and others would not have bothered. It is, however, not possible to calculate the exact impact because there were no scientific calculations done, or at least not left in the archives. What they did was to study what *pudrett* contained. A Professor L. F. Nilsson did the study in 1895. According to him, *pudrett* contained 77.35 units of water, 17.57 units of nitrogen-free organic substances, 0.61 units of nitrogen as ammoniac, 0.49 units of nitrogen in organic compounds, 0.74 units of phosphorous, 0.41 units of "Kali" (potassium), and 2.53 units of other minerals. They also calculated the amount of *pudrett* needed when fertilizing. For example, one hectare needed 3,000 kg or 60 hectoliter (6,000 liter) of *pudrett* for potatoes if the fertilizing was moderate, more if intense fertilizing was needed and less if the fertilizing should not be that powerful.

Regarding feces, it is explained that it is a rather nasty business to handle the stuff, but it is because of this very cheap compared with *pudrett*, and those that used it found that it was the most powerful of all fertilizers.<sup>21</sup>



On the sea floor outside the pit there are broken ceramic and glass objects. These items came with the feces as garbage and were thrown into the sea because the farmer did not want the stuff in the field.

Small objects and fragments of objects ended up in the field. I have partly gone over the field with a metal detector, finding all sorts of metallic fragments of objects and a coin from 1878, but also small pieces of glass and ceramics when digging for the metal objects.

I have not been able to more closely study the metal objects found, but a man told me that he believed that I had found fragments of a harmonica. Other things are more problematic. I suspect that there is a rather large amount of lead in the fields and there might be other environmental toxic chemical compounds in the fields, too. But most of it has probably disappeared long ago.

When the *skitgrop* system disappeared, the farmers had to turn to other fertilizers. One thing always used is fertilizer from the animals at the farms and in modern times different forms of commercial fertilizers.

From 1907 it was forbidden to throw away non-organic objects together with organic garbage or feces.<sup>22</sup> Any field that was fertilized with feces or garbage after 1907 therefore does not contain any fragments of objects.

Even though the *skitgrop* system bears witness to a faith in the future of farming in the archipelago, a new economy was on its way, which would dramatically change the conditions not only for farming, but for the whole archipelago.

## A new society

It's not a coincidence that the *skitgrop* system disappeared in almost the same year that the future for Swedish society was spelled out by the Social Democratic leader Per Albin Hanson (1885–1946). In 1928 he held his famous *folkhem* (people's home) speech, pointing out a new direction for Swedish society. Two years later the Stockholm Exhibition displayed a new modern architecture, perfectly suited to a future society within a framework of functionalism.<sup>23</sup> What can symbolize this new era better than water closets? Due to new vacation laws, a growing national tourism industry also took form.

In his excellent thesis, Bertil Hedenstierna takes us on a journey through the history of the archipelago. What he shows is the decline of the traditional way of life and how a new economy is slowly taking over. Hedenstierna can even demonstrate how the summer population was starting to own more land in the archipelago, and we should remember that his research was conducted during the late 1930s and early 1940s. Hedenstierna writes: "The importance of the summer population for the archipelago is crucial and has in many areas led to problems that need immediate rational solutions." He even points to a new category that he calls "The 'nomadic' summer population", by which he means those who travel in the archipelago with their own boats.<sup>24</sup>

## Strawberries and nails

Due to ideal climate conditions, there were 1.5 million strawberry plants in the archipelago in 1943.<sup>25</sup> Today they are all gone.

I was informed by interviewee 3 that a man once told him that there was more money in nails than in strawberries. What he meant was that there was more money in building things for the summer population than in farming strawberries.

## Televisions and the collapse of history

It was a relief when electricity came to the Island in the late 1950s, but it would also have a negative impact on the community. One of my informants (interviewee 4), who has an incredible memory and knowledge of the Island and its history, told me that with electricity television soon appeared and that would mean the end of a long tradition of sitting together talking. Oral history is a well-known phenomenon,<sup>26</sup> and this is exactly what my informant told me about. Coming together to talk was a question of bringing the history of the archipelago, families, relatives, and events into the minds of a younger generation, but also of keeping track of relatives on the mainland, sharing information, and telling anecdotes. When television was introduced a new storyteller stepped up on the scene, and from now on the families sat by themselves. The radio did not have the same impact, he told me. The introduction of the Internet has further widened the gap between the past and the present, as underlined by interviewee 2 when I interviewed her. She concluded that today everyone is lonely on the Island because they don't talk to each other anymore.

Today the older generation that is carrying the stories and memories are passing away, and when there is no one left to hold on to the stories, place names, and traditional practices such as farming and fishing history will collapse and disappear, leaving the Island open for a new and exploitative a-historical economy, *the economy of the nomads*.<sup>27</sup>

## The nomads

The nomads – here I include day tourists – have no interest in history, traditions, stories, places, nature, or anything else that defines the archipelago. What they want is beaches, summer-warm cliffs, and entertainment – on land and on water – and bars and restaurants. Entrepreneurs from the mainland and some from the archipelago are doing what they can to serve these people. But to make money they must exploit the archipelago and open it up to as many as possible. One of the most problematic actors is the foundation *Skärgårdsstiftelsen* and to some degree *Vaxholmsbolaget*. The municipalities around the archipelago own the foundation. Its predecessor took shape back in the 1930s, and Bertil Hedenstierna became engaged in it, presumably because he thought that it might have a positive impact on the archipelago, and it probably did to begin with.<sup>28</sup> Today it is the largest landowner with the overall agenda to direct, together with *Vaxholmsbolaget*, as many people as possible to the archipelago. Hedenstierna warned against this kind of exploitation, and it's time that we take this seriously again. Compared to 1949, the population in Stockholm has not only grown enormously, it's also much richer. At the same time, Sweden is promoting tourism on all fronts. Thousands of tourists arrive in Stockholm every sum-

mer and many visit the archipelago. No one has calculated the carrying capacity of the archipelago, a capacity that is probably already overexploited.

## Mahogany pioneers

I mentioned earlier a tradition of sailing in the archipelago. It started in the early 20<sup>th</sup> century, and in those days the charts were primitive. The archipelago is dangerous waters, so the first to sail in the archipelago had to rely on the experienced archipelago population and on each other's experiences. They used wooden or mahogany boats specially built for archipelago conditions. Books on how to navigate in the archipelago were published.<sup>29</sup> Such pioneers are now mostly forgotten, but the myth of archipelago adventures is still active. Yet, today's high-standard 40-foot plastic sailing-yachts are more like caravans that can be parked anywhere. The charts are digitized and cover every meter of the sea floor. These *nomads* have no interest in the history of the archipelago or even in sailing, and most of the time they use the boat's engine.

## A new economy

In his essay "Im Schwarm", Byung-Chul Han addresses the digital age.<sup>30</sup> Han explains to me what I have been trying to understand for years, which is the discrepancy between the past and the present on the Island and in the archipelago. The *nomads* and tourists have come with a new reality, the digital economy. The Island is digitized – not in reality, but it is visualized by the *nomads* and the tourists through the digital media. What is not possible to digitize does not exist, Han explains. For *nomads* and tourists, history has no meaning because the digital composition is not a narrative, which history is. As long as the Island is transparently the same as the image, the *nomads* and tourists will arrive. But if the Island changes, which it will when the farm is closed, the Island will take a different shape, which will not correspond with the digital potential, and the *nomads* and the tourists will stop coming because they are not interested in decline or in history. They are not interested in the depth, but only in the surface. A yacht's anchor will, for example, bring with it huge amounts of seaweed. These weeds are ecologically and historically important for the bay, for the fish, for the seabirds, and for the people that once found their economy in the bay<sup>31</sup>, but for the surface-fetishistic *nomads* the seaweed is a problem. Therefore they have technical systems on board to get rid of the weeds, which sink dead back into the depth. For every anchor, the sea floor is ruined a little bit, and they are many, and they come every summer, these *nomads*, who cannot stand the depth, but only travel on a digitized surface that is completely transparent and therefore without history, narrative, or secrets. With no past in the present, there is no future either. There are no responsibilities for, as Han puts it, these narcissistic islands of egos<sup>32</sup> that travel the archipelago. Therefore the *nomads* can ruin whatever they encounter. Bertil Hedenstierna emphasized the lack of historical consciousness, responsibility, and knowledge among tourists and *nomads* already in 1943.<sup>33</sup>

## Waste

I read in the local paper in 2013 that the archipelago population is tired of cleaning up after day tourists and *nomads*.<sup>34</sup> During a few summer months in the same year, 80,000 people – mostly *nomads* – visited a small cluster of islands in the archipelago, leaving behind 25 tons of garbage and 34 cubic meters of glass.<sup>35</sup>

Tourism is about moving and feeding people. Tourists do not produce anything or integrate with any society, city, or ecology. That's why eco-tourism is a contradiction in terms. Tourists do not make new friends, nor do they meet with colleagues, and therefore they do not spread new ideas or cultural or scientific influences. Instead, they consume someone's labor, an ecosystem, or city. Believing that tourism will boost the economy is dangerous. Instead, tourists, like *nomads*, often ruin what they encounter. Because it is based on a commodity, tourism lacks social and ecological responsibility. But tourists dislike the decline and the waste that they produce. Therefore, any ecosystem or city must be continuously cleaned. The responsibility is, as the local paper states, in the hands of the local people.

If the *nomads* and the tourists – because of their sheer numbers – have a negative impact on the archipelago, who is the summer population? The summer population is semi-nomadic. We arrive over weekends during the spring, stay for our vacation during the summer, and return for weekends during the fall. Sometimes we show up during the winter. Hedenstierna was right when he warned about the negative impact the summer population might have, but in contrast to tourists and *nomads*, the summer population was and still is engaged in the islands and their history and population. But a new trend is approaching. Tremendously rich people are buying old summer properties. They demolish the old houses and build new and architect-designed buildings including all the comforts of the city. They reach these places from Stockholm with aluminum boats or rib-boats that easily make 40 to 60 knots, and they have the same desire as tourists and *nomads*; they also want beaches, summer-warm cliffs, but their private beaches and cliffs, and entertainment – on land and on water – and bars and restaurants. Because they are a part of the new economy, these people don't engage in the history of the archipelago, nor in its ecology or people.

## The end

In his essay, Han returns to Martin Heidegger's farmer, who carries forbearance and constraint, fundamentally secured in the land and in the field. Han compares the farmer's being with the digital being and finds no correlation.<sup>36</sup> It's almost ironic how right Han is, because in a few years the farm on the Island will no longer exist. Almost 300 years of farming will come to an end, and with that history, memories, secrets, traditions, place names, *skitgropar*, and knowledge will disappear into an unproductive scrubland, and the history of the Island will fade from memory.

To stop this from happening, I suggest that it's time to develop an understanding of the carrying capacity of the archipelago, regulate the number of tourists, force the *nomads* to dock at

special harbors, reduce speed, noise, and waves, and, most importantly, make sure that an economically, ecologically, and *historically* sustainable farming is re-introduced on islands that once had farms because, as we have seen, the fields are not only a resource, but *history and narratives*, through which the archipelago has existed since it rose out of the sea after the latest Ice Age. Only in this way can we make the archipelago ecologically and *historically* sustainable in the future. ✖

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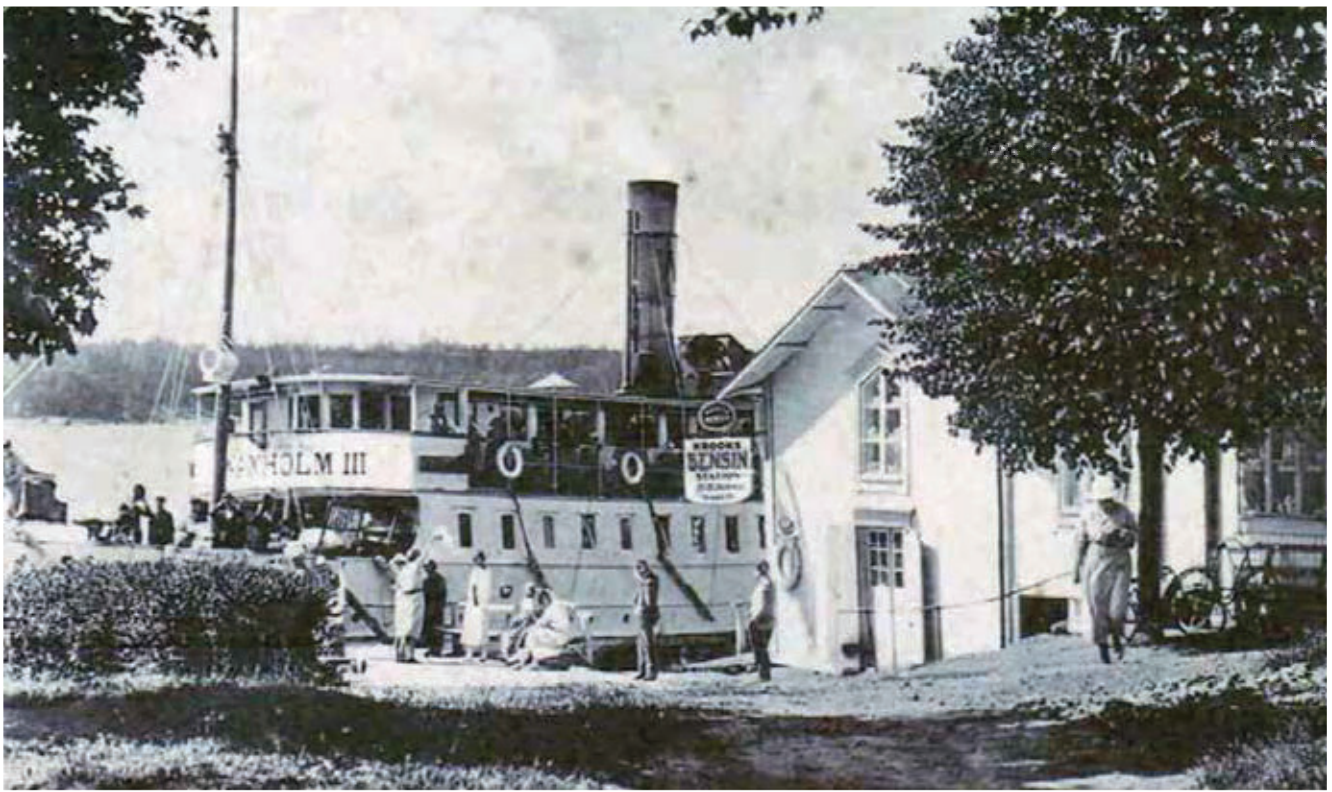


PHOTO: BJÖRKO-ÄRHOJMA HEMBYGDSFÖRENING

Waxholm III arrives and fetches summer guests at Marum on Björkö. Image from the early 1900s.

# Entrepreneurship in the Stockholm Archipelago

A historical perspective

by **Christian Widholm**

A cursory reading of the literature describing yesterdays' societies in the Stockholm Archipelago tells us that people in the archipelago heavily relied on fishing and small-scale farming for their living. With the arrival of modern industrialized society during the latter half of the 19<sup>th</sup> century, things changed, and other opportunities to earn a living appeared. However, there were and are certain circumstances in the Stockholm Archipelago that make it somewhat inert, preventing it from taking a place in the modern labor market. Some of these have to do with its geographical location and legal frameworks, while others derive from cultural constructions among the nearby town-dwellers over the last one hundred and fifty years. The following reflections will focus on how some of these circumstances have affected entrepreneurs in the archipelago from the 19<sup>th</sup> century up to today, and what follows is a sketch of a broad outline of the history of entrepreneurship in the Stockholm Archipelago. In addition, being aware of anachronistic pitfalls and possible theoretical shallowness, I

will focus on the element of self-employment in the concept of the entrepreneur in order to be able to generalize among different kinds of entrepreneurial enterprises over time – keeping in mind that a common way to make ends meet in the archipelago has also been to work part time as employees, e.g. as customs officials and/or pilot boat operators.

**BEFORE THE ADVENT** of modern society, that is, roughly prior to the 1850s, when it comes to Sweden and the Stockholm Archipelago, the entrepreneur in the modern sense of the word (an innovative and self-employed person running a company with or without employees) did not really exist in the archipelago. People living in the archipelago worked as self-reliant small-scale farmers and fishers. Thus, the pre-modern society's labor system cannot easily be assessed against the categories of self-employed and employee. However, yeomen were concentrated in the northern parts of the archipelago while a considerable number of the farmers and fishers in the south lived under the

yoke of the nobility, forcing them to day labor and paying taxes to mansions.<sup>1</sup>

During the time of the guild system, the people of the archipelago were prohibited from doing business in some sectors, e.g. transporting cargo by sea, which was the prerogative of the burghers. With the abolition of the guild system in 1846, a new possibility for maintenance was made available, and entrepreneurs started to transport passengers, firewood, and other kinds of goods. This business became unprofitable after the First World War, and the entrepreneurs enrolled as sailors, customs officers, or pilot boat operators.<sup>2</sup> During roughly the same period, the fishers also became exposed to competition from the emergent fishing industry of the Swedish west coast at the same time as developments on the mainland steadily made the infrastructure and agriculture of the archipelago appear inefficient and archaic.<sup>3</sup> From the late 19<sup>th</sup> century, strawberry cultivation became a rather successful enterprise on the islands of Möja and Husarö. Strawberries thrived in the sunny weather that is relatively typical of the archipelago, although the meager archipelago soil, which negatively affects most kinds of cultivations in the region, was a challenge. To solve the fertilizer problem, the strawberry entrepreneurs bought latrine waste from the town of Stockholm.<sup>4</sup>

AS THE MAINLAND steadily entered the modern age during the latter half of the 19<sup>th</sup> century, the archipelago seemed to face a period of irreversible decline and oblivion. However, at the same time as the archipelago apparently was left behind, it became the modern city dwellers' idyllic recreational haven, a place where the wealthy families, with their servants, could spend the summer. To begin with, it was the upper strata of Stockholm that purchased land from the archipelago inhabitants and erected impressive merchant villas in the inner parts of the archipelago, but some of them rented their accommodations, which could be of benefit for the island entrepreneurs.

This trend, which eventually spread to the middle class of Stockholm, was founded on romantic ideas about the traditional and untouched countryside and seaside. The ideas originated in Great Britain from the first half of the 19<sup>th</sup> century and would soon take hold in Northwestern Europe and North America.<sup>5</sup> Such visions would turn the archipelago into a specific cultural construction that entrepreneurs and others had and still have to relate to whether they like it or not. Thus, besides selling land and renting out houses, entrepreneurs at the beginning of the 20<sup>th</sup> century started to make money by operating tenders and taxi boats and, in the vicinity of Furusund, running hotels, spas, and boarding houses.<sup>6</sup> However, these businesses were usually dormant before and after the summer season, and well into the first half of the new century the entrepreneurs had to supplement their earnings with traditional activities like fishing and

farming even though a few novel businesses within fur farming (on the island of Lidö) and mechanical workshops (on the island of Möja) now existed.<sup>7</sup>

From the 1930s onwards, the archipelago was turned into a recreation area. At the beginning, the transformation was unregulated. The Stockholm middle-class city dwellers purchased land, and second homes were erected in their thousands resulting in a situation where most of the islands' shores were turned into small private lots at a time when the political norm stated that the public should have access to the shores and the countryside. Hence, the public authorities soon intervened, ratifying in the early 1950s a law that prohibited further exploitation of the shores (strandskyddslagen).<sup>8</sup> Despite new regulations and traditionalist notions that obstructed modernization, entrepreneurs in the archipelago were able to take some advantage of the tourists and second home owners' arrival. At the same time, the imbalance between the summer hausse and the rest of the year's almost complete standstill appeared to become cemented.<sup>9</sup> By the early 1970s, a few of the challenges that the entrepreneurs faced were admitted among state and county bureaucrats who had already investigated the archipelago from many different perspectives since the 1930s. An official report from the 1970s said that ice during winters made transport difficult, that high prices on estates hampered development, that lack of fresh water was a challenge for everyone living in the archipelago, that

the region suffered from lopsided seasonality, and that the military's presence caused unwelcome restrictions.<sup>10</sup> The report, called *A living archipelago* [En levande skärgård], also stated this about the entrepreneurs in the archipelago:

Probably the most striking difference between the mainland and the archipelago entrepreneur is that the latter to a greater extent has to rely on more than one business. For example, farming, service jobs, and cottage lettings [...] the occupation

[of the archipelago entrepreneur] is characterized by being an organized jack-of-all-trades.<sup>11</sup>

Other occupations among the entrepreneurs were also mentioned, e.g. handicrafts, shipping (e.g. timber, gravel, and refuse), and carpentry.<sup>12</sup> The report proposed a specific term for the entrepreneurial enterprises in the archipelago. The term was informative, though not very creative:

An archipelago company (skärgårdsföretag) is a business with a multi-tasking entrepreneur who combines traditional occupations like farming, forestry, and fishing with cottage lettings, supervision, and service jobs. The report estimates that this kind of occupation has the best prospects of all the businesses in the archipelago.<sup>13</sup>

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Elsewhere in the report it was stated that the most promising sector for the entrepreneurs would be tourism because already in 1969 more than 50% of the turnover in the archipelago derived from tourism.<sup>14</sup> Nevertheless, the entrepreneurs seemed to require support. Thus, during the 1970s the national employer organization (SAF) offered managerial support, and the state and Stockholm County subsidized loans for the entrepreneurs.<sup>15</sup> Other subsidies, like the yearly one hundred thousand Swedish crowns allowance to the grocery stores in the archipelago and free trips on the passenger boats (via the publicly financed passenger shipping company in the Stockholm Archipelago, Waxholmsbolaget) for all permanent inhabitants of the archipelago, were mentioned in the *Living archipelagos* report from the mid-1990s.<sup>16</sup> This report repeated the challenges for entrepreneurs stated in earlier reports, and it also said, which public officials had not admitted before, that “the law which prohibits exploitation of the shores (*strandskyddslagen*) obstructs development in the archipelago”.<sup>17</sup> In addition, it presented a less optimistic view on the expectations pertaining to the tourism sector.<sup>18</sup> Thus it advocated continuing subvention of the entrepreneurs in the archipelago.<sup>19</sup>

From the turn of the 21<sup>st</sup> century, subsidies have been combined with several public/private-financed projects, mostly about tourism, in order to help entrepreneurs to flourish. However, the businesses still show signs of inertia, and the entrepreneurs appear to have faced a new challenge – so-called project fatigue.<sup>20</sup> Another sensation among the archipelago’s entrepreneurs today seems to be frustration<sup>21</sup> given what they believe to be the unequal competition from business on the mainland that does not have to bother about slow and difficult transport or regulations to preserve yesterday’s archipelago, etc. Still, politicians and representatives from trade and industry repeatedly tout that the future for the archipelago is entrepreneurship, preferably within the tourism sector.<sup>22</sup>

**FROM THE EXAMPLES** above, it appears rather apparent that being an entrepreneur in the archipelago is not an easy ride. The archipelago comprises natural barriers (e.g. rough seas, frozen waterways during the winter, shortage of fresh water, etc.) that subsidies and projects cannot remove. The man-made obstacles, on the other hand, i.e. laws and regulations, might be abolished. In theory it would only take zeal and hard political work. However, and this brings us back to the archipelago as a cultural construction I mentioned earlier, the Stockholm Archipelago is so laden with symbolic content for Swedes in general and the inhabitants of Stockholm in particular that being an entrepreneur there partly includes negotiating with a fiction of the archipelago. The advent of this fiction materialized during the first wave of temporary recreational residents in the archipelago at the end of the 19<sup>th</sup> century, and this romantic and traditionalist fiction was introduced by novelists, songwriters, and artists. Soon it became a given part of Swedish popular culture and strengthened its position through movies, television series, and even more so in songs and novels. It has evolved somewhat over the decades, but the main theme persists: the Stockholm Archipelago is the place



PHOTO: SVEN ÖSTERMAN

Summer guests at Blidö, in the beginning of the 1900s.



PHOTO: JAN EHNEMARK/STOCKHOLMSKÄLLAN

Nils Jansson ran this food store at Dalarö. Image from 1952.



PHOTO: SCREENSHOT FROM THE FILM JORDGUBBSBÅTEN

Strawberries being loaded for delivery to Stockholm. Möja, 1967.



of an idyllic summer life. This aspect, that romantic notions about the archipelago can be seen as obstacles for the entrepreneurs and others living on the islands, has not yet been acknowledged in research on the Stockholm Archipelago, with the exception of a couple of fruitful works by the human geographer Urban Nordin.<sup>23</sup> When it comes to politicians, policymakers, and representatives from trade and industry, on the other hand, the fiction seems to be treated as plain reality and as beyond question, and perhaps something that could be turned into business in the name of the so-called experience economy.

**DURING A MEETING** in October 2014 within the project “The Archipelago Strategy” [Skärgårdsstrategin], which is a publicly funded program for the development of tourist destinations in Sweden, several speakers touched upon the constellation of entrepreneurs and the archipelago. The head of the project said that the entrepreneurs in the archipelago “are of enormous importance” for the project; a liberal politician from one of the municipalities of the archipelago, though with its office located on the mainland, said, “We require creative solutions for how to make our beautiful archipelago better”; a representative from another collaborating body, Stockholm Business Region, said, “We have failed when it comes to the information about the archipelago, and without tourism it will die”; and an archipelago entrepreneur, with a business located on the mainland, said, “The most important wisdom is to take advantage of the positive players in the archipelago. Dare to exclude negative attitudes and focus on those who are positive.”<sup>24</sup> Judging by the records from the meeting, it looks as if those who attended first and foremost tried to convince themselves, and maybe the rest of us, that the romantic archipelago fiction should be treated as reality and that possible ontological divergence has to do with managerial failures or plain sullenness. No wonder the entrepreneurs of the archipelago proper, not the ones residing safely on the mainland, suffer from project fatigue. ❌

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New research agenda

# Agents of change in peripheral regions

by Nadir Kinossian

**D**ivisions between rich and poor regions remain one of Europe's major problems, as continuous attempts to reduce spatial disparities within Europe have so far had only limited impact.<sup>1</sup> The 2007–2008 financial crisis and subsequent austerity measures have further impoverished those people and places that already suffered from lasting economic problems.<sup>2</sup> In Europe's peripheries, marginalization, ambivalence, and lack of employment prospects have led to growing popular skepticism about the legitimacy of the EU, and to disillusionment with government, traditional political parties, and the mechanisms of representative democracy. Populist political parties and movements exploit people's fears, claiming that they can help those who have been *left behind* and who have *had enough*. The rise of nationalist and far-right parties in many European countries can threaten political stability at home and undermine European integration at large. Addressing these complex challenges is vitally important for the future of the EU, its political and economic stability, as well as its role in the world.

The problems of peripheries are complex and cannot be solved by traditional economic measures alone. There is no doubt that market forces play a role in defining winners and losers, but so do our understandings of spatial problems, economic development, and cohesion policies. Current approaches praise large cities and metropolitan areas as countries' principal *engines of growth*, while all places *in between* large cities, including rural, remote, and former industrial regions, are deemed less productive and seen as a burden to more privileged areas. In that respect, *peripheral* should be defined not only by geographical proximity to urban centers or transport networks, but also by political marginalization, various dependencies on the centers of power, and cultural stigmatization.<sup>3</sup> The complexity of the

problem is that, on the one hand, peripheral regions are sidelined and marginalized; on the other, they still accommodate sizable populations and provide various resources, including clean water, recreational spaces, and agricultural land, on which metropolitan regions are highly dependent. There are many arguments, including political, economic, environmental, and ethical, that indicate the economic potential and important roles that peripheral regions play for the wellbeing of countries as a whole. Yet, achieving positive changes is not a simple task.

Peripheral regions are often in the most disadvantaged position, lacking sufficient resources of their own while also being unable to benefit from growth taking place in more prosperous metropolitan regions. Remote regions may not have labor pools suitable for attracting large firms. Finding new forms of

specialization in former industrial regions may be a particularly challenging task due to the structural, institutional, and cultural legacies of previous specializations. Achieving socially inclusive, environmentally balanced, and economically sustainable development in less privileged regions requires revising the existing approaches. This article discusses the current research and policy approaches towards peripheral regions and offers a provisional conceptualization for a new approach to revive peripheries

## abstract

This article discusses the current research and policy approaches towards peripheral regions, and outlines a new approach to revive peripheries using agents of change. The paper argues that better understanding of the processes and conditions necessary for establishing new development paths in peripheral regions requires new approaches to conceptualizing the process of regional change: specifically, combining approaches of evolutionary economic geography, new institutionalisms, and policy studies.

**KEY WORDS:** Peripheral regions, Europe, regional development, agents of change.

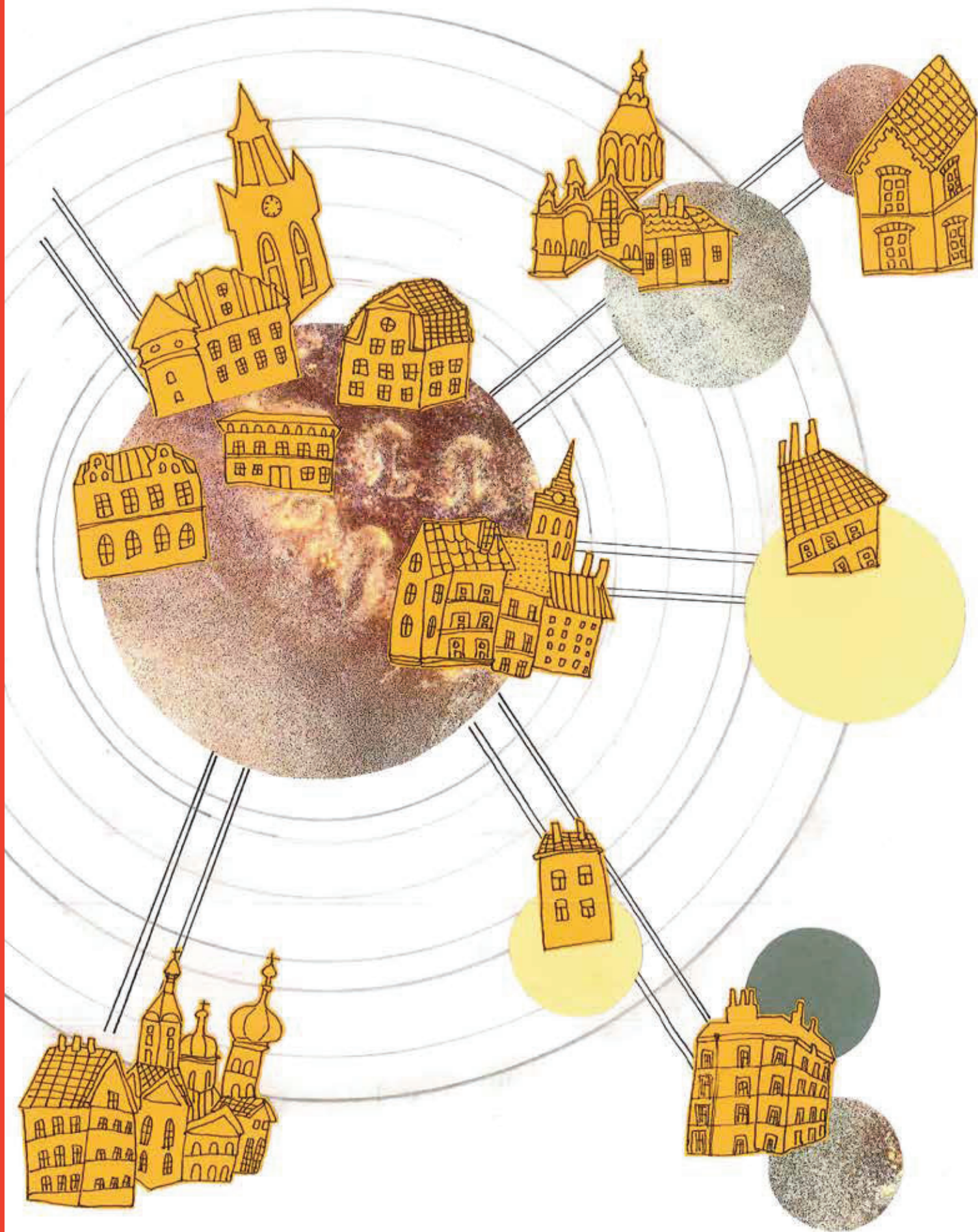
using agents of change. The paper argues that a better understanding of the processes and conditions necessary for establishing new development paths in peripheral regions requires new approaches to conceptualizing the process of regional change: specifically, combining approaches of evolutionary economic geography, new institutionalisms, and policy studies.

## Current debates on regional development and peripheries

Spatial polarization has become one of the EU's most pressing issues. While the EU Member States have shown convergence in economic development, *interregional* inequalities within states have increased considerably.<sup>4</sup> Polarization means that urban ag-









glomerations and capital city-regions demonstrate population growth and increasing prosperity, while a growing number of rural, remote, and old industrial regions suffer from economic and demographic stagnation or decline.<sup>5</sup> The growing divides between rich and poor regions are caused not only by economic laws. They are also produced by cultural perceptions, planning and budgeting practices, political and economic dependencies, and limited decision-making power, which make poor regions peripheral vis-à-vis centers, and also *peripheralized* by the very structure of the center/periphery relations.

**THE CONVENTIONAL APPROACH** to addressing economic disparities is based on the idea of closing the “gap” between leading and lagging regions, caused by low economic productivity in the latter. The current consensus postulates that regional development should aim to close the “productivity gap” between the two.<sup>6</sup> On the other hand, the idea of competitiveness welcomes concentration of investment, people, and industries in large metropolitan regions – on the assumption that wealth generated in these selected locations would create benefits for all.<sup>7</sup> In that sense, more equitable development should occur as a *by-product* of economic growth in successful regions. Although *catch-up* strategies may be feasible for some regions at certain times, they cannot be a universal solution for all peripheral regions since their conditions vary. The conventional approach is informed by the experiences of city-centers of agglomerated economies that benefit from the positive effects of concentration, agglomeration, colocation, etc. Many positive changes occur there simply because they enjoy concentrations of skills, institutions, and industries. Regions and localities outside agglomerations do not benefit from all those positive effects – on the contrary, they often suffer from thin institutions, small labor pools, outmoded industries, extra transportation costs, worn-out infrastructure, etc.

The EU regional policy sees the answer in establishing new development paths via innovation and diversification. Great emphasis has been placed on smart specialization (*RIS3*) policies that aim to identify sectors and projects capable of providing self-sustained growth.<sup>8</sup> Although this smart specialization may be the first policy approach to incorporate a bottom-up perspective of the entrepreneurial discovery processes,<sup>9</sup> the actual policies are often designed in a top-down manner that is insufficiently sensitive to variations of local conditions.<sup>10</sup> Policy often fails to predict economic and political change accurately, as conditions change faster than policy makers can respond.<sup>11</sup> Local policy makers may be reluctant to respond to policy directives from higher levels of government.<sup>12</sup> Although the role of the state in supporting innovation, building favorable institutional environments, and facilitating learning in less-developed regions is paramount, the ineffectiveness of top-down policy raises con-

cerns.<sup>13</sup> This critique suggests that EU regional policy can only work when it appreciates the diversity of local conditions and allows creative responses from local actors.

For disadvantaged regions, establishing a new development path may be a way out of despair and can mean the creation of new areas of specialization, the importation of industries, path renewal, and the creation of a new institutional path.<sup>14</sup> Barriers to path creation include pervasive cognitive, institutional, and network-related lock-ins due to existing specializations. For instance, old industrial regions are often characterized by a homogenous knowledge base and by limited connections to networks of actors outside the declining industry. In such a context, creative approaches are needed to stimulate diversification processes that move the region towards dynamic growth trajectories. Reviving old industrial regions, or “awakening the beauties” as the authors of *The Smartest Places on Earth* put it, requires sharing brainpower across the whole ecosystem of participants involved in innovation activities.<sup>15</sup>

Existing regional development theories and related policy approaches raise concerns with regard to their applicability to peripheral regions because they imply a certain universality in the way localities and regions respond to external shocks and dynamic changes in the economic environment. Despite the various similarities that unite them vis-à-vis more prosperous and centrally located regions, peripheral regions are diverse in their geography, development history, and economic potential. New policy

## **“REVIVING OLD INDUSTRIAL REGIONS [...] REQUIRES SHARING BRAINPOWER ACROSS THE WHOLE ECOSYSTEM OF PARTICIPANTS INVOLVED IN INNOVATION ACTIVITIES.”**

approaches should achieve better outcomes in reconciling the goals of economic growth and human wellbeing and thus ensure that the positive effects of growth are long-term, sustainable, equitable, and inclusive.<sup>16</sup> Establishing development policies for peripheral regions requires creative, non-standard solutions to the diversity of regional challenges in Europe and beyond, including through experimental territorial governance.<sup>17</sup> Policy must respond to the diversity of regional settings and take into account the roles of actors (local and non-local) in order to determine why, despite similarities in their structural conditions, change may happen in one region but not in another.

### **New research agendas moving between problems, policies & politics**

Development policies take the idea of economic growth as natural and inevitable. Demonstration of growth is equated with *success*, and appears instrumental for attracting further growth, thereby becoming a self-propelling force of economic development strategies and planning policies.<sup>18</sup> Alternative visions challenge the idea of development as constant expansion and accumulation of various *assets*, such as population and investment. Despite the hegemonic position of the idea of growth, current debates explore possibilities for defining development and plan-

ning beyond growth.<sup>19</sup> One take on this is to discover non-material values in remote and peripheral regions. People often associate regions, natural and cultural landscapes, heritage sites, and monuments with specific cultural values and uses, and with collective identities. People may choose to live in peripheral regions due to discontent with large cities or the attractiveness of natural and pristine landscapes and the otherness of remote locations.<sup>20</sup> People assign cultural values to landscapes and places, creating a sense of sentiment and responsibility among locals looking to protect them and outsiders looking to explore them. Remote habitation may become a value in itself – a phenomenon known as “vicarious habitation”,<sup>21</sup> suggesting that the minority resides in remote, rural, or peripheral areas “on behalf” of a larger community that approves the moral and aesthetic sentiment of the minority. Despite the possible marginality of such activities, they may help to address the issue of continuing population decline – provided that some support is available to create basic infrastructure and popularize such activities in the media and regional branding strategies.

**ECONOMIC GEOGRAPHERS** try to figure out what factors are conducive to growth. Factors such as industrial structure, the size of the economy, institutional thickness, and innovation capacity all appear important for explaining why economic activities and investment occur in certain areas. At the same time, the approaches used in economic geography fail to predict why growth happens in one place but not in others with similar conditions. Additional limitations are imposed by the current fascination with agglomerated economies, and its absence in smaller towns and sparsely populated areas that may have a narrow economic specialization and do not benefit from access to large markets, economies of scale, or knowledge *spill-over*. As economic thinking is concerned with the behaviors of people *en masse* and with related economic incentives, little attention is paid to actors, agency, and policy interventions that are considered distortions in economic models.

If development policies are to overcome the limitations of somewhat abstract and universal economic approaches, they should be more sensitive to local conditions, cultures, institutions, and actors.<sup>22</sup> To understand the behaviors of actors, several groups of factors need to be taken into account. Institutional theory postulates that actors are constrained by institutions, both formal and informal. The latter facilitate relationships between actors through trust and cultural awareness. For instance, research in Norway suggests that the success of more peripheral regions, dominated by traditional industries, depends on collaboration between industry, university colleges, and applied research institutes; a culture of trust; flat hierarchies; interactive learning, as well as embeddedness in national and global linkages.<sup>23</sup>

## “SMALL TOWNS IN PERIPHERAL REGIONS ARE OFTEN SEEN AS LOSERS IN THE GLOBALIZING ECONOMY AND MERE BURDENS FOR NATIONAL REDISTRIBUTION MECHANISMS.”

*Pinpointing* the moment of change has long interested both economic geographers and political scientists. Ron Boschma conceptualized the emergence of a new development path as a “window of locational opportunity” that opens when unrelated industries come to a new location.<sup>24</sup> Political scientists conceptualize the moment of policy agenda change as an intersection of three streams: problems, policies, and politics.<sup>25</sup> The intersection of all three streams creates a window of opportunity for changing the policy agenda. When the window opens, policy entrepreneurs willing to invest “time, energy, reputation, money – to promote a position for anticipated future gain in the form of material, purposive or solidarity benefit” must act to seize the opportunity.<sup>26</sup> Although the “multiple streams” framework is designed to explain change in policy making, it can also be employed to conceptualize the process of discovering new paths in regional development.

Recently, there have been attempts to explore possible linkages between the approaches of economic geography (regional development paths, evolution) and political science (critical junctures and windows of opportunity). Structural factors such as industrial composition, the size of the economy, and level of infrastructure development can only partly explain regional development paths. The concept of *opportunity space* has been proposed to address the eternal question of necessity and randomness in regional development. Building upon the evolutionary approaches to regional development, they argue that history that not only history matters, but that perceived futures also matters due to “actors’ different capacities to detect and construct opportunities and work on them.”<sup>27</sup> Any conceptualization of how development paths form should take into account the ambiguity of economic development trends and the multiplicity of actors whose actions may lead to desired outcomes.

There is no predefined list of agents of change that could be applied to different cases, because leadership and entrepreneurship are socially constructed and geographically contingent phenomena. Actors operating as institutional entrepreneurs discover, abandon, and modify institutional paths and configurations in order to achieve their goals.<sup>28</sup>

Despite possible variations in local conditions, the collaborative, boundary-spanning role of place leadership is identified as its essential feature. Three are three forms of agency responsible for change: innovative entrepreneurs (chasing opportunities to create value), institutional entrepreneurs (looking for institutional changes), and place leaders (promoting local interests). This conceptualization connects “structure and agency, the past and the future” and “breaks with a deterministic view of path-dependency and shifts attention to how – at any moment in time – the future is shaped in an





agentic process.”<sup>29</sup> Institutional entrepreneurs are “champions of creeping change” as they do not know what kind of institutions they may end up confronting, changing, or creating over time.<sup>30</sup> Combining the approaches developed in economic geography and political science can

help to address the existing limitations of each discipline and enable us to better understand the mechanisms of regional change.

To illustrate this new approach that strives to borrow the best from both geography (with its interest in economic conditions) and political science (with its interest in actors and agency), this article refers to several research projects conducted at the *Leibniz Institute for Regional Geography (IfL)* in Leipzig, Germany. While a full account of any of these projects would easily exceed the limits of the current paper, an attempt is made to outline some of the key ideas behind them.

While traditional thinking associates innovation with large cities in which research and development activities as well as supporting infrastructure are concentrated, the presence of highly innovative firms in *obscure* locations does not fit the current theorizations. The project titled “*Peripheral but Global: World Market Leaders Outside of Agglomerations*” aims to address this paradox by examining the mechanisms of innovation used by such firms that help them overcome the alleged disadvantages of their location beyond urban agglomerations.

As mentioned previously, spatial analysis and policy prioritize urban agglomerations and large cities as the main *drivers* of national economies. Small towns in peripheral regions are often seen as *losers* in the globalizing economy and as mere burdens for national redistribution mechanisms. An international project, “*Agents of Change in Old-Industrial Regions of Europe (ACORE)*”, attempts to challenge this dominant perception of peripheries’ meager and dependent role, by exploring how small towns located in old industrial regions of the Czech Republic, Germany, Hungary, Sweden, and the United Kingdom discover new development paths leading to socioeconomic revival.

**DESPITE GERMANY’S** powerful redistribution mechanisms, small towns in peripheral regions are often places of social and economic problems, such as structural weakness, unemployment, or negative demographic trends. Despite this common perception, a number of small towns perform surprisingly well – contrary to their apparent geographic disadvantages. IfL’s current project, “*Hidden Champions – Stabilization and Development Factors of Small Towns in Peripheral Regions*”, aims to understand the success of some places by looking into the relationships between small towns and *hidden champions* – successful and innovative companies that contribute to local prosperity.

This small selection demonstrates that, despite their different research foci and questions, these ongoing projects have something in common. Namely, they attempt to challenge the dominant, blunt division of space into *successful* metropolitan areas versus *problematic and burdensome* peripheries. By examining development processes and the roles of various actors, the projects strive to understand the mechanisms of positive change in areas

that – according to the current doctrines – have little potential for change; and to contribute toward developing policies that will make positive differences for Europe’s peripheral regions.

## Conclusion

Large metropolitan regions and globally connected cities can be seen as the winners of current spatial polarization processes, whereas rural, remote, and old industrial regions face increasing economic and demographic pressures. Peripheral regions not only pose questions concerning economic development but also *backfire* politically when disillusionment and frustration influence people’s voting behavior. In that sense, peripheral regions and small cities pose the stiffest test for economic geography theories and development policy approaches.

While most studies on *lagging* regions focus on *catch-up* processes, researchers may look for alternative futures, including *leapfrogging* beyond the standard and mainstream policy recipes. The identification and adoption of new development paths requires policy makers to explore the scope for innovation within the public sector and through the private sector:

The former needs to overcome silo-based policy regimes in order to design and deliver more integrated policy solutions, while the latter needs to engage and energize new stakeholder communities if peripheral regions are to find joint solutions to common problems.

To better understand the opportunities for creating new development paths in peripheral regions, researchers should focus more on the *front line* of regional change – actors instrumental for creating new paths of development and links between actors located in different institutional contexts. It may make sense to explore conditions for cooperation between actors, such as the *window of opportunity* that allows the most effective cooperation between various actors in establishing a new development path. Such approaches may help to tackle the presumption that the success of a few *superstar* regions is universally transferable to *lagging* regions.

Addressing these questions would help us understand how remote, rural, and peripheral regions of Europe can create new development paths to achieve economic and social rebounding, while avoiding growth-related conflicts and also strengthening the long-term stability and cohesion of the EU. ✕

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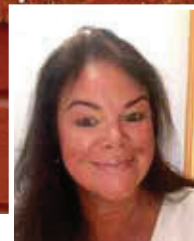
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Various services are offered by entrepreneurs in the Stockholm Archipelago.



Margareta Stenbock von Rosen on Ornö is investing in an archipelago hotel.



Britt-Marie Ahnell on Utö juggles numerous jobs.



Karin Almlöf on Sandhamn is a fifth-generation business owner.

# 3 islands — 3 entrepreneurs

Jacks-of-all-trades keep the Stockholm Archipelago alive

For a few hectic weeks each summer, sparsely inhabited islands in the Stockholm Archipelago are transformed into coveted destinations for vacationers. For permanent residents who make their livelihood here, running a businesses in the seaside environment entails great challenges.

We have met three entrepreneurs on three different islands, with diverse conditions but a common vision – keeping the archipelago alive.

by **Susanna Lidström**





With 15 employees, Margareta Stenbock von Rosen's Ornö Sjötrafik is the island's largest employer.

**Margareta Stenbock von Rosen on Ornö:**

## The car ferry is the lifeblood of the island

Now she is investing in an archipelago hotel

**T**he mild morning sun sparkles warmly on the lapping waves as the Ebba ferry docks at the Ornö jetty after a half-hour trip from the mainland on Dalarö. A handful of cars roll down the ramp towards the peace and quiet of the largest island in Stockholm's southern archipelago. Ornö is about 14 kilometers long and up to six kilometers wide.

The road south leads through the forest and fields, past a white wooden church and the venerable Sundby Farm – a manor and former entailed estate<sup>1</sup> that has been in the Stenbock family for six generations, since the middle of the 18<sup>th</sup> century. A few more kilometers to the west, the gravel road comes to an end at the shore of a protected bay. This is the location of the newly established Ornö Skärgårdshotel. The long red building also houses the offices of Ornö Sjötrafik AB. Margareta Stenbock

von Rosen heads both operations, as well as the company Lindviken Förvaltning, which handles property management, rental and forestry operations on the family's extensive landholdings.

"Running a hotel on Ornö has long been a dream of mine, and a few years ago I thought to myself, 'It's now or never.' It took a bit more time than I imagined, what with all the permits and bureaucracy related to building permits and the like, but last year we opened our doors and couldn't have hoped for a better start than the record-breaking heat of the summer of 2018. We were fully booked all the time, despite the fact that we hadn't had time to market ourselves very much," says Margareta Stenbock von Rosen as she shows *Baltic Worlds* around the premises.

Offices and conference rooms are located on one end of the building, and nine double rooms (each with a tiled shower and toilet) occupy the opposite wing. In the middle are the kitchen and the restaurant, which offers direct access to the communal terrace that runs along the water's edge.



Margareta Stenbock von Rosen.



“There used to be a sawmill here. It was fully operational when I was a child in the 1960s, but after that it fell into disuse for many years. The prior existence of a building on the property was crucial to getting permission to build,” says Margareta Stenbock von Rosen, who thinks that the beach protection rules in the archipelago need to be loosened up to make it easier to build and renovate on the island.

**IN HER OPINION**, the general ban on building closer less than 100 to 300 meters from the water (depending on the conditions of previously constructed buildings) makes it difficult to attract more people to live and work here.

“The proximity to the sea is the big selling point. Here on Ornö there are also large untouched areas of land and nature reserves, which means that public access to active outdoor life would not be significantly limited by new construction in a few more parts of the island,” says Margareta Stenbock von Rosen.

However, as far as the hotel is concerned, she is grateful for the support that the authorities have been able to provide in allowing her to realize her dream. Through the Swedish Board of Agriculture, she sought and was granted certain financial assistance from the European Agricultural Fund for Rural Development. She also feels that both the municipality and the county administrative board were very helpful in the long process that was required to get all the permits in place – for everything from the construction of the building itself to wastewater technology, water purification, and food handling in the restaurant.

“They saw the need and understood the point of our investment in the tourism industry. Overnight accommodation with a good standard of service creates jobs and opens up the archipelago for more visitors. There have previously been holiday rentals and some bed & breakfasts, but we are Ornö’s first hotel,” says Margareta Stenbock von Rosen.

**LIKE HER PARENTS**, who saw the number of permanent residents decline from the 1950s onwards, she wants Ornö to be a vibrant place all year round. The ferry connection with the mainland plays an important role, and a young promising politician named Olof Palme<sup>2</sup> actually played a role in its establishment. In the late 1960s, he was the Minister of Transport and Communications. At a dinner party he bumped into his old classmate Ebba Stenbock – who grew up in the city and moved to Ornö when she married Margareta’s father.

“Palme joked that he’d heard that Mom had ended up on an uninhabited island, and Mom responded that a state-run car ferry was needed to increase access. She told him about how difficult it was to get functional communications, and Palme, who

was a man of action, said ‘Call me tomorrow morning and we’ll see what we can do,’” says Margareta Stenbock von Rosen, who was ten years old at the time and remembers it all as a fun hullo-laballoo.

**OLOF PALME URGED** Ebba Stenbock to bring some islanders and summer guests to an official lobby meeting at the offices of the Swedish Parliament, where they presented their case to the minister and a number of expert ferry specialists. In the opinion of the experts, the distance was too great to justify a state-run ferry. Instead, another idea came to fruition a few years later. All the property owners on the island established a community

association which acted as the responsible authority for ferry traffic, and the government subsequently granted subsidies covering 80 percent of the costs of running the ferries. The remainder was financed with fees for vehicles and passengers.

“Ornö Sjötrafik was started in 1970. Mom and Dad became entrepreneurs, bought two car ferries and managed the traffic on behalf of the community association. A few years earlier, Dad managed to get permission to parcel out and sell 350 vacation home properties from their landholdings, which provided the necessary initial capital for the ferry business. All the other assets were locked into the entailed estate,” explains Margareta Stenbock von Rosen.

The risk of a reduction in state aid to the community association is constantly imminent. Yet so far the ferry services are still run according to the same arrangement, and with 15 employees Ornö Sjötrafik is the island’s largest employer.

The frequency of services has increased significantly since the 1970s, and the ferry now makes ten to twelve crossings a day, all year round.

“We transport just over 70,000 cars and 150,000 passengers a year. The employees do a fantastic job ensuring that the ferry service runs smoothly, even during the tough winter months. Our vision has always been to make it easier for people to live on Ornö, and the ferry is essential to making that work,” says Margareta Stenbock von Rosen. She points out that it only takes an hour and a half to get here by car from central Stockholm.

**TODAY, ORNÖ HAS** about 300 residents, and up to ten times as many when the summertime visitors take up residence in their vacation homes. The island has a school, a district museum, and a minibus service, as well as a burgeoning business community with handicraft and service industries including a petrol station, a bakery, a beachfront cafe and electric mini taxis.

As a major property owner on the island, Margareta Stenbock von Rosen has felt a particular responsibility to contribute to the



The ferry makes ten to twelve crossings a day all year round and transports 150,000 passengers and 70,000 cars a year.

island's development and persuade more people to move here, preferably families with children who will breathe life into the school, which both Margareta and her two children (now adults) attended.

However, attractive locations for building vacation homes are in short supply and property prices are high, making it virtually impossible for a young family with a normal income to buy a house on Örnö. Since Margareta Stenbock von Rosen wants the island to be a bustling place all year round, she began to examine the options. Through Lindviken Förvaltning AB, she and her husband Ulric von Rosen have renovated about 20 old summer cottages in their housing stock in recent decades, upgrading them to a permanent home standard that allows them to be rented to year-round residents. This has led to a slight increase in the number of inhabitants on the island.

"Some of the families commute to jobs on the mainland, while others have found employment here. With a growing visitor industry, there's an opportunity for more people to start their own businesses here, but you also have to dare to take that leap. Thanks to the car ferry, you can try to combine life here on the island with a job in the city," says Margareta Stenbock von Rosen. She stresses how important it is to establish a functional everyday life for the whole family when one chooses to settle here.

"Personally, I was fortunate enough to marry a man who understands that Örnö is the center of the world," she adds with a smile.

**MARGARETA'S COMMITMENT** to the local community is clear, and in all her businesses she exclusively employs people from the island. In addition to the 15 who work with the ferry, the hotel has a year-round staff and five extra employees during the summer season. The main criteria for recruiting staff is that they must be both flexible and humble:

"You have to be prepared to chip in wherever you're needed. I make beds and help in the kitchen to make sure that our guests always get the best possible service. It's also that variety that makes the job and life as a business owner so much fun. I seldom sit still," declares Margareta Stenbock von Rosen. ✕

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- 1 An entailed estate is a decree, usually enshrined in a will, which stipulates that certain property must be handed down through a family or group of people, without being divested, and in a certain specified order (usually according to birthright, with a preference for male offspring). Nowadays, most countries do not allow the creation of entailed estates, and in several countries the existing ones have been done away with, or will soon be abolished. The primary purpose of the formation of an entailed estate was to ensure that the property was transferred to the next generation without being divided and thereby reduced.
- 2 Olof Palme led the Social Democratic Party and was the Prime Minister of Sweden until his death. He was murdered in central Stockholm 1986.

### **Britt-Marie Ahnell on Utö:**

## **Holiday rentals, conferences, tourist offices, and postal contracts**

To manage the seasonal variations, she juggles numerous jobs

**T**he contrasts are clear. On a frosty February day, the guest harbor is peaceful and quiet. Yet on sunny summer days, Utö's largest jetty (where the passenger ferries from the mainland dock) absolutely bubbles with entrepreneurship. Cafes, restaurants, bakeries and activity organizers present their enticing offers to the approximately 200,000 seasonal visitors who come to the island every year.

Most of the people who step off the boats swing by the little red shed that houses the Utö Tourist Office, which is privately operated by Britt-Marie Ahnell. From May to mid-September, she is here almost every day to answer questions and provide tips on what visitors can discover on the island. In addition to beaches and the natural beauty of the archipelago, Utö boasts a rich cultural history as an old mining community, with traces of that industry dating back to the 12<sup>th</sup> century.

"The fact is that digitalization should make these kinds of personal information services redundant, especially for the younger generation that has grown up with the Internet. But we have lots of young people who come here and say, 'Now that we're here, what can we do?' People want a map and a brochure in their hand," says Britt-Marie Ahnell, who also rents bicycles to those seeking an easy way to explore a little more of the island than the nearby mining village.

**HOWEVER, SHE CANNOT** make her living running the tourist office. It is operated with the help of a business grant from the municipality of SEK 200,000 per year, which covers the cost of its summer staff.

"So far, the municipality has considered tourist information to be a service for which they should bear the costs, and have therefore awarded the subsidy every three years, following a public procurement process. I've been involved since the very beginning, 25 years ago, and I still think it's just as fun as ever – especially meeting all the people who come here. As long as we win the procurement and the municipality provides the funds, I'll keep this up," says Britt-Marie Ahnell.

Initially it was the Utö Business Association that ran the tourist office. Britt-Marie was engaged to manage the finances and developed the business to include commission-based vacation rental services. After a few years as an employee, she took over the operation of the tourist office and has gradually tacked on



Britt-Marie Ahnell runs, among other things, a tourist information, a hostel and a pharmacy agent.

PHOTO: PRIVATE



Britt-Marie Ahnell runs Gula Villan, which comprises conference services, a hostel and a party room. A lot of logistics has to function in order to live on an island and run a business. Finding staff accommodations for the seasonal workers who come from the mainland is another problem.

more and more parts, giving her more means by which to support her business.

For example, a few years ago she started to serve as a pharmacy agent on the island, and she also has a postal contract that ensures mail delivery for the residents of Utö. The same umbrella company also includes a carpentry business, where her husband works. Britt-Marie also has a separate company through which she runs Gula Villan, which comprises conference services, a hostel and a party room.

“We small business owners who live here year round are used to piecing together various business endeavors to make ends meet. Cooperation between companies is important for developing the island and offering various activities to tourists, and we help make sure that everyone who visits the island feels welcome. We also have common challenges to which we must find solutions. A lot of logistics have to function in order to live here and run a business,” says Britt-Marie Ahnell.

**HUBS FOR SMOOTHER** transport to and from the mainland are among the issues that have long been discussed among the island’s entrepreneurs. Finding staff accommodations for the seasonal workers who come from the mainland is another problem with which many of them grapple.

“Right now we’re getting by with a variety of solutions – the subletting of summer cottages and the like. I have a small staff accommodation that I rent from Skärgårdsstiftelsen [The archipelago foundation], which I pay for year round even though it’s only used from June to September. The winter season is dead for

us,” says Britt-Marie Ahnell.

Skärgårdsstiftelsen owns a large part of the land and the old buildings on Utö, and rents them out to both private persons (as vacation homes or permanent residences) and companies that operate business such as restaurants and hotels.

“The foundation contributes a great deal by providing land for our operations and collaborating on matters related to the hospitality industry, such as the renting of cottages to short-term residents. But there’s also a constant discussion about how the agreements are drawn up, what should be included in internal and external maintenance of buildings, and the like. The shortage of staff accommodations is another issue we have

been raising with Skärgårdsstiftelsen for quite some time, but so far we haven’t found any sustainable solutions,” says Britt-Marie Ahnell.

She explains that several initiatives have been undertaken. For example, a few years ago the foundation decided to offer a piece of land where the island’s business association was offered the opportunity to construct staff housing for rent, but no one was interested in investing in this because of uncertainties related to the terms of the contract and long-term financing. The companies were afraid that they would be unable to make a return on their financial investment within the allotted time frame.

**REGARDLESS OF THE** operator and the business, the discussion always returns to the root of the archipelago’s problems: major contrasts between the summer and winter seasons. From a business perspective, it is difficult to justify sitting on expensive premises that are scarcely used for six months out of the year.

“The seasonal variations pose a constant challenge. Most people want to visit the archipelago in the summer, but it’s hard to find folks who want to head out here in the winter,” says Britt-Marie Ahnell. Nonetheless, she notes that matters have improved in recent years.

“When I started at the tourist office, the season was over as soon as the schools started up again after summer vacation. Now there are a lot of events that attract guests well into the fall, at least on weekends.” ❌



### Skärgårdsstiftelsen

## With the mission of maintaining and developing the archipelago

Opening up to visitors creates opportunities for residents

**U**tö is the island where Skärgårdsstiftelsen has the most buildings, and many people are concerned about how the island will develop when lease agreements are rewritten and rents are raised. According to the statutes, the mission of the foundation is to “work to preserve the Stockholm Archipelago’s uniqueness, natural values and landscapes while promoting the development of outdoor life, culture, recreation and tourism, taking into account the interests of the resident population”.

This is a complex task, and sometimes it leads to conflicts.

“Our primary mission is to both preserve and develop the lands we own. One clear aim is to safeguard the public’s access to the archipelago. On the other hand, it is not Skärgårdsstiftelsen’s primary mission to ensure the existence of businesses, employment and housing. Yet when we open ourselves up for visitors and provide rental properties, that also creates opportunities for residents,” says Petter Lundgren, Skärgårdsstiftelsen’s regional manager for the southern archipelago and Utö.

**THE SPECIAL THING** about Utö compared to other foundation-owned areas in the archipelago is that there are so many old heritage buildings in the property portfolio. Several of the houses date from the 18<sup>th</sup> century and require careful renovation.

“One of the challenges we face is the renovation of our properties. Another is that we must achieve a greater degree of self-



The hostel *Skärgården* on the island Utö.

PHOTO: CHRISTOFFER THURESSON-BJÖRN/SKÄRGÅRDSSTIFTELSEN

financing through reasonable, market-based rents and leases. We can’t give precedence to any particular type of accommodation and must ensure that all development of the island occurs within the framework of what the nature reserve allows. For example, the construction of new buildings is forbidden, except in instances where an exception to the nature reserve regulations has been applied for and granted by the county administrative board,” explains Petter Lundgren.

He emphasizes that there are several reasons why the lack of staff housing in connection with the tourism-related businesses of the archipelago’s entrepreneurs is a difficult nut to crack.

“Our statutes state that we may not divest ourselves of land or buildings unless doing so is supported by a government decision. However, we can grant the use of land for construction, provided that it is in line with our objectives and that the county administrative board gives its approval.

Even so, often no one wants to make investments on our land. The basic problem is that the season is too short. Many of our entrepreneurs have to pull in a year’s worth of profits in just a few labor-intensive summer months, and can’t be stuck with buildings that are not needed the rest of the year,” says Petter Lundgren. ❌

### A large landowner co-financed with public funds

Skärgårdsstiftelsen was established in 1959 at a time when the population of the islands was decreasing dramatically at the same time that interest in the archipelago as a destination for outdoor recreation increased. The basic idea was to safeguard the public’s access to the archipelago’s natural environments, and the foundation gradually bought up new areas. In 1998, the City of Stockholm gifted all its lands in the archipelago to the foundation, doubling its holdings.

Today the foundation owns and manages about 12 percent of the land in the archipelago, including some 40 nature reserves, from the north to the south. In total, Skärgårdsstiftelsen has around 2,000 buildings to take care of, many of which are of major cultural-historical value.

The foundation does not conduct its own commercial activities on its properties. Instead, hostels, pubs, vacation villages, shops and guest harbors are leased to contractors who rent the buildings and run businesses there.

Today 50 percent of the financing for Skärgårdsstiftelsen’s operations is provided through public funds from the county council, but self-financing through leases and rental agreements remains crucial. Private businesses also contribute through sponsorships, and the public provides support through a 16,000-member booster club.

**Karin Almlöf on Sandhamn:**

## A fifth-generation business owner

She works to foster sustainable tourism with a reduced footprint in sensitive marine environments

**A**s the great-great-granddaughter of her namesake Karin Westerberg, who started a general store on Sandhamn in Stockholm's outer archipelago in the late 19<sup>th</sup> century, becoming a business owner was no major leap for islander Karin Almlöf.

"We grew up in Mom's grocery store, or aboard Dad's cargo boat, so we never saw running one's own business as something special. It's more of a prerequisite for living on an island where there aren't so many employers to choose from. To make a living, you start a company or two. It's a matter of having several legs to stand on when demand varies so much over the course of the year," says Karin Almlöf.

Together with her two sisters, she now continues the family tradition in various company formations. Her older sister Caroline Wedberg has taken over the grocery store and in the summer season her little sister Catharina Almlöf combines work as a sailor with running a kiosk and café in the island's bustling guest harbor, while Karin Almlöf runs a new incarnation of the family's shipping company. The business no longer has its own boats; instead, she arranges sea transport by renting fully outfitted boats – complete with crew – from other entrepreneurs.

"It allows me to operate throughout the archipelago in a more efficient way, for example by choosing the boat that is closest to the customer and coordinating several transports on the same journey. Smart logistics allow me to keep prices down, and now that I'm no longer aboard the boats, I am also able to devote more time to other things," says Karin Almlöf.

**IN PARALLEL WITH** the shipping business, she also runs the company Greenoffshore, where the goal is to develop solutions for more sustainable tourism, for example through BioDriving. This concept has to do with operating a boat in a manner that is more considerate of the underwater environment and which does not interfere vegetation and wildlife.

"A lot of it has to do with becoming aware of the footprint left by ships and boats when they operate sensitive areas. By changing behavior, it's possible to make a big difference to the marine environment," says Karin Almlöf. She emphasizes that sustainability is a crucial issue for the future of the entire archipelago and its nature-dependent tourism industry.

"When it comes to attracting visitors, the lovely aquatic environment is our special advantage. If we fail to take care of it and ensure that the sea continues to thrive, we will have nothing to live on. Even now we've seen that reports of algal blooms make people hesitant to visit the affected areas. So if there are many such situations or other environmental threats, it will have major consequences for all of us who live and work in the archipelago."



Despite the difficulties, Karin Almlöf sees great potential and many new business opportunities linked to the archipelago's tourism industry.

PHOTO: PRIVATE

Issues related to sustainable tourism are an area Karin Almlöf also works with as chairwoman of the Skärgårdsföretagarna, a business association with just over 200 member companies, all of which are grappling with similar challenges.

"The tourists are necessary to maintaining a living archipelago, but we must free ourselves from the idea that all visitors are good visitors. Sometimes they don't contribute as much as they burden the islands, for example by littering. Guided tours of the outer archipelago in the spring,

when the birds are nesting, aren't a good idea either. That isn't sustainable in any way. To maintain our attractiveness, we need to think more long-term," says Karin Almlöf. She is calling for better support from government authorities and politicians to help keep the archipelago alive.

Communication, infrastructure and competition on equal terms are priority areas in which Skärgårdsföretagarna sees major shortcomings that affect ability of entrepreneurs to run businesses and dare to expand their enterprises in the archipelago.

"We lack many basic functions, such as broadband Internet access, reliable mail and parcel delivery, regular boat services with timetables adapted to the prevailing needs – be they the needs of the hospitality industry or possibilities for commuting to the mainland for us residents. From here on Sandhamn, there's no public transport to the capital between 9 am and 5 pm on regular weekdays without having to spend the night. That creates further obstacles to commuting for work or education," says Karin Almlöf.

**DESPITE THE DIFFICULTIES**, she sees great potential and many new business opportunities linked to the archipelago's tourism industry. She endeavors to also relay information about these positive developments at network meetings with other entrepreneurs based on the islands, including within the context of the Archipelago Business Development project.

"Digitalization entails better ways to reach out to specific target groups with marketing and targeted activities. We've also noted that interest in the sea is increasing, not least among young people who want to learn more about this important resource. Growing climate anxiety is also leading environmentally conscious city dwellers to reduce their air travel and opt for "staycations", which means that more people are coming here to enjoy what we have to offer in their immediate vicinity," concludes Karin Almlöf. ✖

A comparative study of entrepreneurial responses and local development on three islands:

# Facing business challenges with the Stockholm Archipelago as a context

by **Paulina Rytönen, Tommy Larsson-Segerlind, Gustaf Onn, Lars Degerstedt, and Mauri Kaipainen**

**T**he Stockholm Archipelago is often considered a remote rural area in Sweden comparable to and no different than other rural areas. Recently, however, some official documents have concluded that the Stockholm Archipelago (hereafter called the Archipelago) differs widely from what normally is seen as a remote rural area. Therefore, to make accurate decisions and to develop policies suited for the Archipelago it is necessary to broaden current official Swedish socio-geographical classifications with a new category that grasps the actual conditions and characteristics of the Archipelago.<sup>1</sup>

The Archipelago is located within the most dynamic economic region in Sweden (and the world according to different rankings). In spite of their proximity to the largest market in Sweden, local businesses in the Archipelago to a large extent operate in the shadow of the urban capital.

Over the last decades, a number of policy initiatives, strategies, and development projects have been launched to support sustainable socio-economic development in the Archipelago. A common feature of policies and initiatives is that the Archipelago is approached as a homogenous region. Policies recognize that improving transport and accessibility to islands without bridges is important for the future,

but actual investments have until now failed and most other aspects, including economic development, have been considered under the same frame as rural businesses and areas on the mainland, with no considerations to the geospatial features of the Archipelago. For example, investments to overcome the geospatial challenges in the Archipelago are insignificant, and all of the appointed development hubs are urban. At the same time, the physical attractiveness of the Archipelago is highlighted as crucial for attracting tourists to Stockholm.<sup>2</sup> Thus, the subordination of the Archipelago vis-à-vis the urban area of Stockholm is constantly reproduced by policies. In addition, when looking at the industries highlighted in development plans and policies, a key argument is that the heavy dependence on tourism needs to be broken;<sup>3</sup> however, most public investments are directed towards promoting the tourism industry, while important future industries, such as energy and cleantech, IT-based service industries, and consultancies have until now been neglected.<sup>4</sup> Therefore, one question raised in this study is if the Archipelago should be perceived as a homogeneous region or if it is better to use a more local perspective and level of analysis to capture, explain, and/or promote entrepreneurial and economic opportunities and obstacles in the Archipelago.

## abstract

By conducting a comparative qualitative and systematic study of the local (island) pre-conditions for creating sustainable socio-economic development through entrepreneurship, here defined as a process of identifying, evaluating, and exploiting entrepreneurial opportunities, this study aims to shed light on entrepreneurial responses to challenges and opportunities on three islands in the Stockholm Archipelago and how context influences these responses.

**KEY WORDS:** entrepreneurship, archipelago, business challenges, local development





Stockholm Archipelago. Map by Mona Petersson.

To our knowledge, there are no previous studies or reports that highlight differences in entrepreneurial dynamics and outcomes within and between islands, but a pilot study conducted at an early stage in our project indicates that business owners on some islands have managed to create a more dynamic local environment and have achieved some interesting entrepreneurial outcomes, while inhabitants on other islands are still struggling with the same problems as they were decades ago.<sup>5</sup> These differences cannot easily be dismissed as a result of differences in physical infrastructure or spatial geographical differences, and they can also be the result of local institutions, they can be defined as formal and informal rules and constraints, and they can be connected to local contextual issues, all of which cause more or less path-dependent behavior among business owners and entrepreneurs.

In fact, in an overview conducted by King in 2009,<sup>6</sup> he concludes that the outsider and inward-looking perspective of scholars leads to a focus on geographical concepts such as time and space and/or geographical features. Some recurring themes and explanatory variables are smallness, insularity, and economic handicaps. Thus, most studies miss out on islanders' outward-looking orientation and by doing so they also miss out on single agent's or groups of agents' agency.

We are aware that we, as scholars, are outsiders in relation to the Archipelago, but we have tried to "bring the entrepreneur and the island back in" by highlighting their perspective and thus taking into consideration the critique issued by King.<sup>7</sup> The research process leading up to this article was therefore mostly

inductive, letting entrepreneurs and groups of entrepreneurs on the islands present their issues, their concerns, and their ideas. In addition, our approach differs from previous studies by offering a new way to study entrepreneurship on islands and by problematizing concepts that are new to this discussion.

By conducting a comparative, qualitative, and systematic study of the local (island) pre-conditions for creating sustainable socio-economic development through entrepreneurship, here defined as a process of identifying, evaluating, and exploiting entrepreneurial opportunities,<sup>8</sup> this study aims to shed light on entrepreneurial responses to challenges and opportunities on three islands in the Archipelago and how context influences these responses. The following questions will be addressed: What makes entrepreneurial responses/communities on some islands in the archipelago vibrant and resilient and others less so? In what ways do context and social capital influence individual and collective business decisions and outcomes? What are the causes behind negative lock-in mechanisms and (risk of) failure?

## Methods and sources

The methodology behind this article rests on two approaches. First, the data collection departed from an inductive, qualitative case study approach by studying "a spatially or temporarily delimited phenomenon (a unit) observed at a single point in time or over some period of time"<sup>9</sup> and relying on naturalistic (real-life) data, triangulation, group interviews and in-depth interviews with the objects of study (entrepreneurs), and literature reviews.<sup>10</sup> To increase the internal validity and help us systematize the analysis process, we also employed a comparative approach. Comparisons contribute to the conceptualization of results and to the development of new theory departing from a more or less inductive approach.<sup>11</sup> In this article the comparison is implemented at one level, namely the *comparison of interviews from different groups* (i.e. results from respondents from different islands). Comparative entrepreneurial studies can contribute to understand the contextual differences within and between regions, local groups, and individual firms.<sup>12</sup> The method was also influenced by a phenomenographic approach<sup>13</sup> in the sense that we departed from an inductive approach and that we were trying to identify variations in the perceptions between groups and individuals. The latter was done by using phenomenography to elaborate on the interview answers<sup>14</sup>.

To secure the robustness, credibility, and confirmability of the study, we implemented triangulation of methods (phenomenography, triangulation, comparison) and of sources (interviewing business owners both individually and as groups, business organization representatives, and public officers involved in business development in the Archipelago). Rather than triangulating theories, we implemented an inductive approach with the ambition to find better tools to analyze entrepreneurship in the Archipelago. To ensure the dependability of the data, the results from the study were presented to and discussed with the partners in Finland who performed the same study on the Finn-

ish side of the Archipelago. We also shared our results with some of the firms after the results were summarized and anonymized. Because it was not possible to get feedback from all firms, we focused on requesting feedback from and discussing our results with business association representatives. Although we recognize that the study has a limited geographical focus, we believe that departing from the width and depth of previous literature allows us some ground for transferability.

While most previous analyses and studies have treated the Archipelago as a uniform body and as one unit and region with the same challenges and opportunities, this article studies the dynamics and differences in the Archipelago from within, thus allowing us to shed light on the differences within and between different parts of the Archipelago.

The initial sources used are a database containing information about 1,599 firms in the Archipelago in 2014. The content of the database offers valuable input to understand the structure and composition of the supply side of the market. We complemented the database with updated data about the businesses on the three islands in focus, and we conducted in-depth interviews with business owners (either in groups or individually) on the three islands (I1, I2, I3). Additional interviews were conducted with business development officers in the municipalities in which the islands are located. I1 is located in municipality 1 (M1), and I2 and I3 are located in municipality M2. We also used public policy reports. Due to ethical considerations, our informants were anonymized using a code for each island and for each informant. The interviews are accounted for below in Table 1.

## Entrepreneurship on islands

“Island entrepreneurship” has been coined as a concept to highlight and include the specific challenges experienced by entrepreneurs running businesses in island environments. Islandness means that businesses have limited amounts of resources, including land and natural resources, that it is difficult to achieve agglomeration effects, and that access to the local market and logistics are limited due to the physical characteristics of islands.<sup>15</sup> In general terms, this also applies to the Archipelago. However, archipelago entrepreneurship differs from entrepreneurship on single islands because the geospatial features of archipelagos also include local contextual aspects of several islands and the interactions between islands and the mainland.

There is wide consensus in previous research that agglomeration, access to markets and resources, reasonable infrastructure, the presence of human capital, moderate competition over available resources, a formal and reasonably high educational level and/or the presence of needed skills and know-how, high levels of employment, financial stability and availability of capital, technological progress, a tax level and tax structure that helps stimulate businesses, relatively stable prices, and favorable institutions that stimulate the allocation of activities and resources, decrease incentives for over bureaucratizing society, and prevent corruption are important determining factors behind successful entrepreneurial development.<sup>16</sup> An additional pre-condition or determining factor behind entrepreneurial development

Table 1. Group interviews

Municipality	Orientation of participants	Date
<b>M1</b>	Boat workshop/shipyard (1), Restaurant and hotel (1), Shipping and logistics (2), Convenience store (1), Gift shop (1), Activity tourism (1)	13/10 2017
<b>M2</b>	Shipping/commuter boat (1), Taxi business (1), Gas station and convenience store (1), Shipyard (1), IT- infrastructure and software development (1), Hotel/restaurant, B&B (1).	16/11 2017
<b>M2</b>	Representatives from the municipality (2) Tourism destination businesses (2), Cottage rental (2), Restaurant/hotel (1), Brewery (1), Boat taxi (1), Gift and clothing store (1).	1/6 2017

Table 2. Individual in-depth interviews and orientation of businesses

Municipality	Business orientation*
<b>M2</b>	Brewery/food artisan
<b>M2</b>	Fish and vegetable production
<b>M2</b>	Hotel and restaurant
<b>M2</b>	Tourism, cottages, conferences, and carpentry
<b>M2</b>	Tourism destination businesses
<b>M2</b>	Boat taxi
<b>M2</b>	Shipping/commuter boat
<b>M2</b>	Taxi company
<b>M2</b>	Gas station and convenience store
<b>M2</b>	Boat workshop/shipyard
<b>M2</b>	Digitalization infrastructure and software development
<b>M2</b>	Restaurant and food artisan
<b>M2</b>	Tourist office/destination development and construction company
<b>M1</b>	Sales of handicrafts, local art, and maritime and local souvenirs
<b>M1</b>	Tourism and destination development
<b>M1</b>	Retail
<b>M1</b>	Boat workshop/shipyard
<b>M1</b>	Hotel and restaurant
<b>M1</b>	Management consultancy, logistics, shipping, and related activities
<b>M1</b>	Tourism and destination development

\* Orientation was defined from the official description in the company's registration certificate

highlighted in recent decades is globalization – a force that is claimed to either promote or hamper entrepreneurship.<sup>17</sup>

To cope with the shortcomings of islandness under the specific geospatial characteristics of the Archipelago, the state (at the regional level) has developed and applied different policies to either compensate for spatial and contextual challenges or to reinforce underlying factors that create favorable business conditions.<sup>18</sup> Such policies are not unique for the Archipelago; in fact, the state has for decades systematically favored entrepreneurship as a tool for meeting the challenges of globalization in rural and remote areas.<sup>19</sup> However, as Nuur and Laestadius stated in 2010, the impact of these strategies on local and regional development has seldom been studied.

The Archipelago is characterized by several distinctive features that increase the complexity of the area. In addition to its remoteness (i.e. most islands can only be reached by boat), the Archipelago is officially classified as an economically less favored/marginal area. One of its main challenges is that it is located within the same regional boundaries of the larger Stockholm County; therefore, the Archipelago exists in the shadow of the dynamic urban economic center. The structural dependence of the Archipelago on the economy of the capital city shows signs of a classic case of core-periphery dynamics.<sup>20</sup>

According to public reports, some of the main challenges for businesses in the Archipelago are a heavy dependence on tourism, short seasons, high logistical and transportation costs, the inability to reach the majority of islands other than by boat, an ageing population, sparse social infrastructure (hospitals, schools, elderly homes, etc.), a steadily decreasing number of people in the workforce, a negative migration ratio,<sup>21</sup> unsuitable environmental regulations, and poor information and communication technology infrastructure.<sup>22</sup>

New policies to promote and enable entrepreneurship are launched every few years, but although regional and state policies are the same for the entire Archipelago, our empirical results show that when islands with similar availability (can be reached by boat or by bridge), infrastructure (or lack of infrastructure), population size, etc., are compared, the outcomes in terms of entrepreneurial responses (and thereby also economic results) vary widely.<sup>23</sup>

In the academic literature, different types of entrepreneurship are highlighted, namely innovative, imitative, and unproductive.<sup>24</sup> In the case of the Archipelago, the differences observed between islands can be classified as innovative entrepreneurship (i.e. combining available resources in new ways and finding new ways to achieve economic success) or as passive business ownership (i.e. just running a business as it always has been done, showing clear signs of resistance against change, and not responding to opportunities and challenges), with many different combinations of these two in between. There are also signs of unproductive entrepreneurship, which is exemplified by the actions of businesses that are located outside the region and that use the Archipelago brand and its resources without contributing to the creation of income in local communities in the Archipelago. One specific example is the presence of “rib

boats” that take on food and tourists in central Stockholm and visit the Archipelago but leave only waste and environmental damage to the seabed and the islands. There are also large international cruise ships that are allowed to dump their grey water just outside the Archipelago when they pass through to central Stockholm.<sup>25</sup>

### Analytical framework

Within the field of island studies,<sup>26</sup> it is argued that entrepreneurial success on islands is related to local ownership, small firms, an export-oriented industry (that produces commodities rather than services), and technologies adapted to local conditions. Thus, the explanatory factors are related to the structure of the economy rather than the causes behind the structure. Other scholars highlight the role of social embeddedness as a vehicle to promote or hamper entrepreneurship, where personal relations and exchange are key features. This line of research problematizes the effects of differences or similarities between company/personal goals and community goals.<sup>27</sup> At the same time, although social embeddedness might help us to understand what individual entrepreneurial decisions are related to, i.e. how they reproduce path-dependency,<sup>28</sup> social embeddedness is not equipped to help us understand the underlying causes of entrepreneurial responses and patterns. Thus, we argue that there is a need to develop new theoretical concepts for studying islands. In addition, it is also essential to emphasize here the fact that this study has an archipelago as its object of study; therefore, any conceptual tool used in the analysis needs to include and embrace the “bigger picture” and all those aspects that might influence each island within the Archipelago differently. This is why our search for an analytical framework starts off from context.

Societies, regions, and individual firms engage in entrepreneurial responses depending on many different contextual, spatial, endogenous, and exogenous aspects.<sup>29</sup> Some of the most critical aspects of entrepreneurship, e.g. identifying and exploiting economic opportunities under conditions of genuine uncertainty,<sup>30</sup> are enabled by the characteristics of the opportunity combined with the nature of the habitus/social capital in the local community becoming the vehicle that enables or hampers entrepreneurship.<sup>31</sup> There is currently an intense debate that argues for the need to contextualize the study of entrepreneurship.<sup>32</sup> Scholars propose that context should be the main unit of analysis instead of entrepreneurs and outcomes and that the focus on context will avoid the objectification of entrepreneurship and open up for discussing the becoming entrepreneurship.<sup>33</sup> Business context – i.e. the existence of different types of capital, institutional settings, and policies – influences business activities in different ways, and social (values, skills, priorities, and attitudes), cultural, political, geographical, and economic contexts can positively or negatively affect the way in which business act and perform.<sup>34</sup>

One argument is that the possibility of discovering and exploiting opportunities is always context dependent. External conditions in society might promote or hamper entrepreneurship and thereby also influence economic development at any



level of aggregation. Jelinek and Litterer<sup>35</sup> argue that the study of entrepreneurship needs to highlight cognitive aspects of society and context in order to make sense of entrepreneurial actions and responses (or lack thereof). The mentioned arguments have gained recognition among scholars who increasingly underline the role of context as pivotal to the study of entrepreneurship.<sup>36</sup>

Contextualization implies the consideration of situational and temporal boundaries and opportunities for entrepreneurship – theoretically as well as methodologically. Welter proposes the operationalization of context departing from four dimensions, namely *Industry* (the degree of maturity of existing industries and markets and the number and nature of competitors), *Social networks* (in this case families/households as well as their composition and roles, the structure of networks within and between islands, and the nature of network relations), *Spatial geographical environments* (in this case islands, communities, and neighborhoods, industrial districts and clusters, the characteristics of physical business locations, the business support infrastructure, and the characteristics of local communities), and *Institutional culture and society* (political and economic systems, societal attitudes and norms, legal and regulatory aspects, and policy and support measures).<sup>37</sup> But while Welter's contribution can be useful for categorizing and maybe even organizing a study, each category needs to be problematized and given a conceptual content.

It can be beneficial to dig deeper into the social, institutional, and cultural aspects of local communities. A discussion that can be fruitful for this purpose deals with social capital, e.g. a theoretical strand that highlights how social interactions, social ties and relations, the existence of trust or distrust, and value systems influences the actions of individuals or groups of people within a social context. As such, social capital is considered to be the underlying force behind positive and successful social interaction and the engine behind positive networks.<sup>38</sup> Social capital is described as “both the glue that binds to create a network and also the lubricant that eases and energizes network interaction”.<sup>39</sup>

Institutions also influence the possibility of exploiting entrepreneurial opportunities.<sup>40</sup> While formal institutions (e.g. laws, rules, and formal restrictions) are easy to identify, the role of informal institutions (e.g. business culture, deeply rooted habits, traditions, well established and dominating ways of thinking, etc.) can be perceived as more diffuse. However, institutions have the power to channel entrepreneurial actions in a productive direction<sup>41</sup> by offering tools to understand “the bigger picture” and to connect it to the micro context in which the firm operates. Institutions are often described as “history condensed into our actions”<sup>42</sup> or as a “measurement of the degree of economic freedom in society”.<sup>43</sup> In this study, context is used as a starting point for creating a general analytical framework, but we also test concepts that can help us to dig deeper into the different dimensions of context. This study therefore aims to con-

tribute theoretically by problematizing context and by borrowing some concepts from institutional theory and social capital and the interaction between them.

## Entrepreneurial responses on the three islands

### Island 1

I1 has since the 19th century been a popular tourist destination in the Archipelago. During the summer the island receives over 100,000 visitors who arrive with the public commuter boat or by private boats that stop by to take on fuel and/or water, eat at the local restaurants and bars, or participate in other activities. There are also 2,500 summer cabins. The local economy is highly dependent on the summer season, but lately some efforts have been made to increase the number of visitors during the Christmas season.<sup>44</sup> In addition, in recent years a large number of new houses have been built on the island and new people have moved in. The island also has a long history of hosting some smaller state agencies. One of the advantages of I1 is that the business activities on the island, and most of the housing, are concentrated and located close to the guest harbor and the public jetty, and thus there are also large areas of unexploited nature for recreation.<sup>45</sup> I1 has a permanent year-round public transportation line, and the regional authorities have appointed I1 as one of its transport hubs for the surrounding islands.<sup>46</sup> In addition, private ferry lines use the island as a destination. With the exception of the hotels, many local businesses are characterized as small or solo businesses with diversification strategies and with

a portfolio of activities and services during different parts of the season (interview, chairman of the business association, 2018). It is notable that despite the very large number of visitors, especially in the summer season, the island has a small number of businesses compared to other islands. Moreover, the internal competition between business activities is low, with often just one or few busi-

ness actors in each niche or sector.

Lately, businesses on I1 have been exposed to several challenges. First, a large annual event that used to take place on the island was relocated to the urban city center in Stockholm because the city offers “more recreational opportunities, better and wider food offerings, and a more exciting environment”.<sup>47</sup> Second, the largest employer and hotel/conference venue has failed financially. Since 2017 it has only been open when it was booked for conferences, and it is now for sale. Third, a prohibition against refilling freshwater in private boats was recently adopted by the regional authorities. These three challenges constitute a future risk for all local businesses. The financial problems of the large hotel/conference venue led to a decrease in income for several firms, and two small firms were forced to close down for the winter. The attitude from Stockholm is just one of many examples of how outsiders exploit the Archipelago landscapes

**“WE ARGUE THAT THERE IS A NEED TO DEVELOP NEW THEORETICAL CONCEPTS FOR STUDYING ISLANDS.”**

(where the actual competition will take place) without giving anything back to the local community.

Business responses to upcoming challenges have been quite different. Some business owners claim that the island has a sufficiently strong trademark and therefore there is no need to act or react to recent challenges with the argument that “people will come anyway”,<sup>48</sup> and during the warm summer of 2018 they estimate that they had a record number of visitors.

There have been some former unsuccessful initiatives “to prolong the summer season”. A major problem with these initiatives is that the climate and weather in the early or late summer season do not fulfill the expectation from the visitors as a “summer destination”.

There is growing awareness from some of the entrepreneurs of the necessities to instead develop “new seasons” to attract visitors also during autumn, winter, and spring. One problem is that the I1 trademark is very positioned as a summer destination, but also that the local business community has not been able to mobilize collective action to develop new attractions and activities for new seasons. Another shortcoming on the island is the lack of affordable housing solutions for employees, especially during the summer season.

### **Social capital and institutions**

On I1 there is a long tradition of handling common problems by establishing associations. There are eleven associations on I1, some of which are the business association and some important landowner and road associations. In contrast to the rest of the Archipelago where most of the land is owned by public entities, most land on I1 is privately owned<sup>49</sup> and some key locations are owned cooperatively through associations. An advantage on I1 is that they have succeeded in making some recent investments in new houses, and old buildings have been renovated. There is a long tradition of local autonomy, and locals prefer to find local solutions to problems without the involvement of authorities from the mainland or other islands. Lately the Swedish state has located some smaller government agencies on the island. During the individual interviews, the entrepreneurs expressed an awareness of the need to cooperate locally to solve local problems, and during the group interview the entrepreneurs expressed a collective frustration about a communication gap between themselves and the public authorities. The islanders claim that the authorities do not take into consideration the specific contextual circumstances of running a business on an island. This gap can be confirmed by comparing the interviews with the entrepreneurs to those with the municipality officers. On I1, several entrepreneurs are trying to find support for the development of “new seasons”, while officials in the municipality (M1) and the support systems are oriented towards “prolonging the summer season”. Thus, the entrepreneurial perspective is not always present in the minds and policies of local authorities. One of the public documents referred to by public officials shows that the mainland is the priority of the municipality and the county council. M1 has no specialized officers for Archipelago businesses<sup>50</sup>, and the archipelago is officially considered to be

a tourism and recreation destination to serve the needs of the urban population.

The business association on I1 is characterized by having a vague mandate. The association has mostly focused on common issues related to infrastructure on the island, e.g. waste disposal problems and freshwater issues. The business association was involved in a publically financed project to further develop I1 as a tourism destination, but when the money for the project was used up the engagement dropped.<sup>51</sup> In addition, when a larger hotel on the island started to have financial problems, no one else stepped in to take the lead in the destination project. During the individual interviews, it was expressed that there are rather few businesses on the island and that these simultaneously run several different types of business activities. In that sense, most of the entrepreneurs are highly intertwined in complex social networks and associations in which they play several different roles depending on the purpose and mandate of the specific context. The entrepreneurs confirmed that the initial enthusiasm to solve common problems or to act on common opportunities only lasts a few years if the proposed solutions meet resistance. The entrepreneurs also expressed how it is quite exhausting to contribute and invest unpaid time in making changes for the better of the greater business community while at the same time running several of their own businesses.<sup>52</sup> The business association needs to internally balance the interests of different sectors on the island. If the focus is too heavy on tourism, businesses within construction or other sectors will lose their commitment.

In general, business owners seem to trust each other, although the entrepreneurs have different agendas and some are more progressive and future oriented, while others want things to remain as they have always been. There are two main causes behind the lack of collective, proactive entrepreneurial responses to emerging challenges. First, the differences between companies looking at future industries (in addition to tourism) and those who want to preserve their economic activities as they always have been are quite large. An example is the quality of accommodations offered to visitors. Some entrepreneurs claim that there is a need to offer modern or at least updated quality (i.e. single bedrooms with an in-suite bathroom) to attract visitors all year around and especially business conferences. Such a development is important to all entrepreneurs because even the ones with the smallest businesses are dependent on the success of others. At the same time, other entrepreneurs claim that visitors are spoiled and therefore they offer their services only to customers who “understand that the standard in the Archipelago is simpler than elsewhere”. Therefore, investments in the modernization of accommodation simply do not take place. Second, the fixation on having a strong trademark tends to eliminate incentives for investing in marketing the island, which probably prevents potential visitors from knowing about ongoing or future events and activities.

In terms of social capital, numerous interactions, social ties, and relations emerge between business owners, not the least because there are few entrepreneurs and because local businesses depend on each other's success, especially that of the larger ac-

tors. In addition, all of them operate in close proximity to each other, but they have different values and interpretations about the future, and this paralyzes the business collective and prevents it from reacting to emerging challenges. Moreover, local rules and established practices, such as the distrust towards the power structures in the mainland, have become institutionalized and play against the possibility of getting additional support to overcome the challenges that businesses currently face. Thus, the tension between local and regional and national institutions seems to be one of the main challenges on I1, and the interviews clearly show that entrepreneurs have no answers for how to handle this.

## Island 2

I2 is one of the largest islands in the Archipelago. Business activities and houses are spread all over the island, although the major businesses related to tourism are located in relation to the public jetty and the guest harbor. I2 receives some 100,000 visitors every year, mostly during the summer, but the largest hotel also arranges conferences for businesses from the mainland and a number of activities are offered all year around, thus guests are present during the entire year. In addition, during the Christmas season (which starts in November) a large number of firms arrange their Christmas parties with customers and staff on I2. Local business owners and inhabitants have been skillful at attracting investments in infrastructure, which are promoted and financially supported by the municipality. One example is a recent investment in new and updated walking/biking paths, including an outdoor gym, which helps the island to profile itself as a destination for an active vacation. Efforts to get financing from official funding are channeled through the business association. I2 has also managed to attract a new and large sports activity that takes place during the off-season. It has also become a base that attracts visitors who come to train for different sporting events during the off season. In addition, I2 profiles itself through cultural activities, and several museums and historical places have been updated and made available.<sup>53</sup> Also, because the largest hotel is open all year around, I2 also profiles itself as a place to relax and eat good food. I2 can be reached through public ferries all year around, but public transports to the island are seen as a major problem by entrepreneurs because changes in timetables are unpredictable and because of poor coordination between different public transportation systems from Stockholm.<sup>54</sup>

I2 faces several challenges. First, the armed forces have traditionally engaged in intensive activities on the waters that surround the island. Business owners agree that rules set by the armed forces restrict their investments because considerations for security issues often lead to prohibitions against business activities (for example, establishing a brewery). Second, major parts of the land and properties are owned by the Archipelago

Foundation. Leases are relatively short term, and the Foundation demands that investments made by tenants are passed on to the Foundation no later than 10 years after the investment has been made. Thus, because most of the land and buildings in the Archipelago are in the hands of the Foundation (due to a decision reached by the state), the ownership structure eliminates investment incentives and negatively affects the possibility of updating many facilities or establishing new businesses. Third, it is difficult to recruit staff with the needed experience, and if a person is recruited there is no affordable housing available (either to rent or to buy). Thus, the property market constitutes a constraint towards businesses. Fourth, the population is getting older and thus there is a need to increase public services, but the possibility of establishing a nursing home, for example, is restricted by the lack of agglomeration and problems related to access to properties (see above). Fifth, Wi-Fi capacity is a

challenge because passengers on boats passing by or day visitors might take up all the available Wi-Fi, which disables payment terminals for credit cards, etc.<sup>55</sup>

Local responses to various challenges have in a sense been quite dynamic, although this approach does not apply to all

business owners. The local business association is the forum in which solutions to problems are found collectively. For example, the night staff working at the local pub are responsible for attending emergency calls from the elderly during evenings and nights, and this enables some older inhabitants to remain on the island.

One of the most important strategic decisions has been to organize a publically funded project to develop the island as a tourism destination with an elaborated focus on creating new tourism seasons rather than focusing on extending the summer season. Although entrepreneurs claim that they still have a long way to go, they seem to have a plan and they are managing to implement it step by step. A key factor behind this positive trend is that business associations quite early on decided to engage in digital marketing and the implementation of a business development strategy that embraces the principles of the digital economy. One important reason behind this attitude is that the leading businesses have worked in a pro-active fashion, especially by increasing the number of visitors by developing new attractions that helped to create new tourism seasons. The largest business on I2 has also gradually diversified without crowding out other businesses. The positive effects spill over from larger to smaller businesses as the new visitors walk around, make purchases in the local shops, rent boat taxi services, and also visit and buy various things from other local businesses. Not all the businesses agree with the chosen strategy, but they accept the actions of the stronger firms because they benefit from the actions of stronger and more active partners. One example is that there was an initial resistance against digitalization of the island's value offer and the new orientation toward tourism, but since these changes

**“THE TENSION BETWEEN LOCAL AND REGIONAL AND NATIONAL INSTITUTIONS SEEMS TO BE ONE OF THE MAIN CHALLENGES.”**



were adopted all businesses have profited from them. The tension caused by the different approaches illustrates a generational gap and possible differences in access to capital (not everybody has the necessary capital to develop their businesses). Moreover, employing qualified staff to narrow the gap with other businesses is difficult, not only because of the problems mentioned above, but also because employers with outdated businesses and lack of capital cannot compete with businesses that can offer both a good salary and development possibilities<sup>56</sup>.

### **Social capital and institutions**

It seems that the business association on I2 works decisively to solve problems, often in collaboration with public authorities. The business association and the entrepreneurs on I2 seem to take advantage of the opportunities and support offered by the municipality or the state by upgrading or developing infrastructure and other projects with financial support from local/central government. The business association is furthermore characterized by a rather hierarchical structure with a few influential individuals at the top who are closely linked to a publically funded destination project and to the strongest businesses. The interviews show trust in the business association and a strong mandate from the entrepreneurs to represent them and to work for their common interest. The work of the leading group within the association has been decisive for the economic upturn on the island. The business association shows a collective learning ability, and their comprehensive analysis of the role of social media in a business model has led to a new and deeper understanding by most entrepreneurs of the demands from potential new visitors. Interviews with entrepreneurs and the municipality also showed that the more hierarchical structure of the local business association has enabled communication with different public authorities to take place in a positive and efficient manner. The attitude is reciprocal, and the municipality (M2) has facilitated the communication by appointing an officer with a specific responsibility for Archipelago businesses.

The negative side of the hierarchical structure of the business association and the focus on developing the island as a year-round destination is that entrepreneurs in other sectors, for example, IT-consultants and builders, feel neglected by the narrow focus on tourism. There are also indications that some firms in other industries have left the island or reduced their activities. In addition, the interviews indicate that the high level of trust in the leading persons in the business association is used as an excuse by some entrepreneurs not to get involved in activities to increase the specific skills and business competences that could have been crucial to developing their own businesses.

### **Island 3**

I3 is a large island with more than 200 permanent residents. In contrast to the other two islands, only around 25,000 tourists visit I3 every year, mainly during the summer season. Transports to I3 are run by the regionally owned Waxholm Ferries and by a private car ferry line that transports people, cars, and goods several times per day every day, all year round. There is also

a permanent bus connection within the island.<sup>57</sup> The car ferry enables people to commute to work on a daily basis and was initiated in the 1970s. At that time residents had difficulties taking care of their daily affairs on the mainland because there were no regular transports, thus a simple visit to the doctor required planning and staying overnight on the mainland. The government decided that establishing a regular public ferry to I3 would be too expensive, therefore a private initiative managed to find a solution to this problem by finding a way (with the support of government experts) to subsidize a private ferry. The solution was a re-interpretation of the implementation of the rural road subsidy regulations. This new interpretation allowed the private ferry company to start this business because the rural road subsidy made it possible to charge affordable prices to commuters.<sup>58</sup>

The number of businesses is limited, but their orientation is quite varied. There are large unexploited areas and some protected natural areas with interesting flora and a rich bird life. The population is scattered between two main locations. There are roads and trails for walking and biking,<sup>59</sup> but the roads are not built to carry heavy loads, therefore local transport of heavy goods is a challenge. Most walking paths are privately owned and sometimes covered by old easement arrangements that are difficult to follow and/or combine with modern ownership rights.<sup>60</sup>

The community is active in a large number of local associations working for various purposes, but there is no business association, which was highlighted as a shortcoming by some entrepreneurs, while others expressed that they did not want additional associations. The central meeting point is a community center that holds a smaller library and the hub for the high-speed IT cable.<sup>61</sup> Until recently there was also a restaurant and a small shop, but the lack of visitors and new online-based food delivery services drove them out of business. On I3, tourism is still a marginal activity, but various stakeholders agree that there is a large potential for increasing tourism and attracting visitors, not the least because a modern hotel and a B&B were opened during 2017/2018.<sup>62</sup>

Businesses on the island face several challenges. First, the land ownership structure has historically been very unevenly distributed, and this has conditioned social and economic relations for generations. Second, zoning plans are not updated for the island, and businesses have not been able to reach a consensus on how new zoning plans should be outlined and what businesses would be appropriate to establish on the available land. Third, the island does not have a port to load and unload goods, and the jetty used by the car ferry is too small and inadequate, especially for heavy transports. Fourth, the private car ferry line is threatened by the state's plans to withdraw subsidies to rural roads, which would decrease the possibility to commute to work on a daily basis. Fifth, the community (and especially the second home owners) in the place where the car ferry docks on the mainland work against the possibility of using the jetty in the future because they feel that their summer paradise is destroyed by the traffic passing to and from the ferry.<sup>63</sup>

Traditionally, businesses have emerged and acted individually on some issues that are of common interest. In general, the municipality grasps some of the more problematic issues, but

some entrepreneurs have especially good relations with regional and national authorities and through these relations they have been able to influence the development of the island in a positive way, for example, by enabling the company that runs the private car ferry to keep the ferry running through public support from state funds for rural roads. In addition, a few entrepreneurs have managed to become assigned on behalf of the regional authorities to conduct some investigations regarding issues that are important for I3.

### **Social capital and institutions**

With the absence of a formal business association, there is no clear forum to discuss, represent, or work on common local business questions. The interviews revealed a high degree of fragmentation. The absence of a representative business forum on the island also means problems with the communication between the municipality and the local business community on I3. When discussing social capital and institutions on I3, it seems inevitable to depart from history because the interviews showed that a historically rooted way to solve problems has been to form associations on order to gather forces and to cope with the power imbalances caused by the uneven distribution of land (with one large private landowner on the island). The practice of forming or running specialized associations has continued until today, and while some stakeholders are positive towards this practice, others resent it for preventing local stakeholders from being able to leave past relationship dynamics behind them. On I3 there are two nodes of development, one revolves around several relatively new small-scale businesses who show enthusiasm for investing in the future. One of these investments is the recent installation of a high-speed IT connection to all of the households and firms. It was possible to achieve consensus on this because one of the new firms has the necessary knowledge and can afford to do the installation for a fraction of the cost and because this is of general interest for all inhabitants and summer guests. However, to achieve broader business development and to attract new firms to the island, it is necessary that entrepreneurs from the second development node, composed by the larger landowners, are willing to sell land or to make it available through other arrangements. No consensus has yet been reached between entrepreneurs in the two nodes about this issue.

The members of the second node are also quite active and creative. One example is the way in which one family circumvented the ban on building close to the water, the so-called Beach Protection Act<sup>64</sup>. The family purchased old buildings located just by the water (which were built long before the Beach Protection Act was adopted), some of which were actual ruins. Thereafter, permission to renovate them was applied for from the municipality. Because the buildings were already in place by the water (even though it was a long time ago that they were last used), it was possible to get the renovation permit and build a hotel with modern standards. The lack of a modern hotel that could offer venues for meetings and serving lunch was recognized as a shortcoming by all of the entrepreneurs during the

first group interview. The establishment of the new hotel was an important step forward in the future development of I3.<sup>65</sup>

An unfortunate consequence of the lack of unity between business owners on I3 is that the business association located in the mainland port from which the car ferry arrives and departs is trying to move in and satisfy its own needs by annexing the island's entrepreneurs. This contributes to fomenting a business environment in which collective action within the entrepreneurial community becomes more and more difficult.<sup>66</sup>

Thus, on I3 old structures and institutional arrangements and old practices clearly work against building social capital because actions by individuals and groups are influenced in such a way that general entrepreneurial development is inhibited. Fragmentation also contributes to limiting the possibility of getting as much as possible from public funds, and although the municipality (M2) shows an understanding of the challenges of entrepreneurship on the islands (see I2), the lack of coordination from the local businesses on I3 helps to create a more passive attitude from M2 vis á vis I3.

### **Social capital, institutions, and entrepreneurial responses**

In the sections above, results from the individual islands have been presented. In the table on next page, the results are further elaborated by comparing different groups.

An important result of the comparison above is that none of the explanatory factors behind successful entrepreneurship put forward in previous research, e.g. local ownership, small firms, an export-oriented industry that produces commodities rather than services, and technologies adapted to local conditions, were found to be important on these islands. At the individual/firm level, conflicting formal institutions at different levels (nation, region) are quite relevant obstacles, but other aspects such as the possibility of investing in a property were also found to be important.

The differences illustrated by the table above highlight that entrepreneurial dynamics and outcomes are clearly influenced by local contextual and institutional factors, which in turn condition the businesses' space for action and the development of (collective) social capital. There is a clear interaction between the creation of a dynamic entrepreneurial environment and formal and informal institutions and collective action. What, then, are the local factors that influence entrepreneurial responses, i.e. how do they act when faced with opportunities and challenges?

First of all, the building of social capital and, in particular, collective social capital, seems to be fundamental in order for a positive development spiral to gain momentum. In the illustrated cases, this does not mean that everybody needs to agree on everything all the time; instead, it seems sufficient to have a basic understanding of and trust in the stronger businesses and their actions. The lack of collective social capital, in terms of a lack of an arena for collective action or an inability to agree on how to act and who can lead possible actions, clearly seems to be an obstacle to acting on upcoming threats and locks businesses into

**Table 3.** Differences and similarities between I1, I2, and I3

	<b>I1 – Island 1</b>	<b>I2 – Island 2</b>	<b>I3 – Island 3</b>
<b>Social capital in the business community</b>	Close and intertwined roles and high internal trust, but with restricted mandates and resources for the leading representatives to realize change	A hierarchical organization with representatives who have the trust, mandate, and resources to create a partial interest in change	No formal organization. Fragmented groups and individuals with different interests.
<b>Land ownership structure</b>	Dispersed private ownership by individuals or collectives.	One major large landowner through a foundation. Local businesses rent properties from the foundation.	One major large private landowner.
<b>Local collective representation as an island</b>	High collective representation but low implementation capability means poor outcomes of collective action.	High collective representation, actions by stronger businesses create positive spin-offs for less active firms.	No collective representation and thereby limited possibility of internal and external collective action.
<b>The structure and characteristics of the business demography</b>	Low degree of internal competition. Mostly small business with a portfolio of activities, and the larger business actors are financially weak. Businesses are mostly in tourism, retail, transport, shipyards, consulting, construction, and state agencies.	Low degree of internal competition. Mostly small businesses, including some that are more focused and some with diversification strategies. One large and dominant business actor. Businesses are mostly in tourism, transport, construction, agriculture, fishing, IT-consulting, and state agencies.	Low degree of internal competition, but also a low degree of cooperation. Mostly small firms with a varying range of orientation. Tourism infrastructure is scarce. Two firms that are owned by the same family dominate.
<b>Relation with authorities on mainland</b>	Arms-length distance and problems with communication with an implicit counterpart.	Close relation and direct communication with an explicit counterpart	Some individuals have good and close contacts and cooperation with authorities, while most others lack this and are therefore poorly represented in front of the authorities.
<b>Type of entrepreneurship</b>	A few firms show innovating thinking, while the majority show clear signs of passive entrepreneurship and do not respond to threats or opportunities.	Dynamic environment in which unexploited opportunities are discovered and acted upon. Actions of larger businesses benefit most local businesses.	Individually many firms do well, but the social context and old structures and institutions promote inaction and a poor entrepreneurial climate.

Sources: Authors' elaborations based on group interviews and individual interviews on I1, I2, and I3.

old tracks thereby preventing creative destruction to take place. On the other hand, social capital and individual agency can lead to institutional change, which is clearly the case when building permits were obtained for renovating old buildings by the water.

Land ownership structure can have both positive and negative influences. Land on I1 and I3 is privately owned, and even though the land ownership structures are different (scattered owners on I1 and one dominating owner on I3) they have both led to the creation of action patterns and traditions that served a purpose in the past but that currently constitute a problem for the building of collective social capital and thus act as an obstacle to local development. In the case of I2, land is not privately owned and the conditions to create a safe investment environment are questionable, but while some business owners are reluctant to invest, others find ways around the problems and manage to distribute their risks through diversification and

collaboration with other local firms. It is also clear that in these cases the actions and attitudes of larger businesses are decisive for development on the island.

An additional aspect is the relationship with authorities and entities outside the island. In the case where islanders have worked collectively to gain benefits from public finance and to establish relations with outsiders as a collective unit (I1), businesses have benefited, while in the other two cases (I2 and I3) distrust towards outsiders and a lack of collective action have prevented the efficient exploitation of opportunities, for example, the capture of public funding or influencing emerging regulations, and have even led to actions from outsiders that can work against the island. On I3 the positive effects are limited by the lack of collective action because public resources are distributed unevenly within the island, and thus a positive spin-off effect is prevented.



## Conclusions

In this study we have chosen to deepen the analysis of the role of context on entrepreneurial responses to opportunities and challenges by looking especially at institutions, social capital, and the interactions between the two. Our results indicate that while some dimensions might affect businesses in the Archipelago relatively equally, institutions, traditions, and habits as well as the possibility of building social capital are all crucial factors to enabling or disabling entrepreneurial responses. The entrepreneurs who managed to create a more dynamic business environment to overcome the contextual challenges posed by islandness were able to do so because they could overcome old practices and traditions and could build collective capital, strong networks, and the capability to learn from and respond/adapt to a changing environment. The opposite is seen in cases where outcomes are either passive or far below their potential.

However, entrepreneurial responses were not enough. Path-dependency in the formulation of development policies, support systems, and attitudes from the municipality (M1) clearly worked against more dynamic development on I1. Entrepreneurs conduct their businesses within the framework of many different types of interactions, and while they might be able to influence their business relations with customers and suppliers, everything that is dependent on public decisions and public policies (for example infrastructure, waste management, etc.) requires an entrepreneurial-friendly institutional setting and the necessary types of social capital in the authorities that are set to develop or guarantee institutions that live up to their expectations. Thus, institutional change and the construction of the right type of social capital are equally important to develop within public authorities in order to influence/promote growth.

Is social capital only dependent on institutional change? At this point we believe that social capital is not enough to break old structures and to leave old ways of thinking behind, and there is always a personal dimension involved. However, we cannot answer what these dimensions are based on our current results. An additional result from this study is that policies and the competitive attitude of regional authorities (the city of Stockholm, the municipalities, and the Stockholm County Council) act in a way that makes the subordination of the Archipelago a permanent feature. However, this question needs further scrutiny.

This article argues that using a comparative approach might raise the internal validity of the study, and this approach has proven to be helpful in our search for a new understanding of why regional policies and/or opportunities are exploited and why outcomes in a seemingly homogenous population might be very different. Indeed, studying archipelagos is useful for understanding the complexity of island entrepreneurship because it forces the scholar to look beyond just one case.

In addition, departing from previous studies, this article argues that there is a need to develop new concepts that will allow for a more accurate analysis of entrepreneurship on islands and archipelagos. This article has shown that there is a mutual influence between social capital and institutions, as the latter might condition the first, but it has also been shown that social capital

might also influence and change institutional settings at the national, regional, or local level.

Context as a whole, as well as its individual dimensions, deserves to be further conceptualized. In this article, the use of institutional theory allowed for a better understanding of the interplay of institutions at various levels of abstraction (nation, region, island) by analyzing the underlying causes behind entrepreneurial challenges, opportunities, and responses beyond the micro/local level. Highlighting the role of agency both in relation to social capital (see the example of I3) but also in relation to institutions and institutional change might be a fruitful strategy for future studies. A next step in this direction is to dig deeper into the experiences of island entrepreneurs and to focus on entrepreneurs' decision-making principles in order to better understand entrepreneurial success as well as passive or negative entrepreneurship. ✖

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- 50 Group interview and individual interviews with entrepreneurs on I1.
- 51 Group interview with local entrepreneurs on I1.
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- 53 Group interview and individual interviews with entrepreneurs on I2.
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- 56 Group interview with entrepreneurs on I2 and individual interviews with I2E1, I2E2, I2E3, I2E6.
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- 58 Individual interviews with ferry owner and family.
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- 60 Group interview with entrepreneurs on I3, October 31st 2017.
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## The Archipelago Business Development project gave new insights

Lappo has been inhabited since the 13<sup>th</sup> or 14<sup>th</sup> centuries. Today the number of year-round inhabitants is around 30, but in the summer you will see more people as the tourists arrive. In 2004, there were 58 inhabitants on Lappo, so like for many other islands in the archipelago the trend has been decreasing. Consequently, the local school closed down in 2010 and now the children attend school on Brändö. Once on Lappo, you do not really need a car because you can walk or cycle around the island, which covers 8 square kilometers and measures 4.3 kilometers from north to south. You can also arrive by boat, and there is a well-equipped guest harbor that is open between mid-May and mid-September. In addition to the harbor, you can find a post office, library, museum, shop, and summer restaurants on the island.

For accommodation, there is Tiina Thörnroos, who can host up to 50+ people in her different lodging alternatives. Tiina Thörnroos was one of the participants of the project Archipelago Business Development.

“This is a full-time job for me, and during the summer months we also hire a cleaner. My husband, parents, and in-laws provide a helping hand when needed. My husband works in mainland Åland during the winter, so I am very grateful that he is around during the busiest summer period. Our children are growing up, so it is not a problem that I work full-time, and they always know where to find me if they need me. When autumn comes, I have sometimes worked 90 days in a row without a break, so I am quite tired and it can take up to a few months to recover. By that time, it is time to start again. Falling ill would be a disaster, so you do not fall ill – you take a pill and go to work.”

### How do you market your services?

“I have many guests who return every year. In addition, I market through my website, on Facebook, at fairs, and

## With an aim to develop new business models

**ARCHIPELAGO** Business Development is a project financed by the Central Baltic Programme 2014–2020. The total budget for the project is 1,638,511 euro, of which ERDF is providing 1,228,883 euro. The project aims at developing new business models in the archipelago by forming partnerships between entrepreneurs and start-up companies in Finland (including Åland Islands) and Swe-





Tiina Thörnroos was born in the archipelago.

through retailers. We lack a clear marketing strategy, but we are constantly striving to find new ways to reach people.”

#### **What are your biggest challenges?**

“The biggest challenge comes from changing operating conditions due to decisions made by others without a proper impact assessment. As an example, ferry schedules, booking rules and regulations, or the way the travel agents prioritize might change. These changes have a large impact on our business. Our next challenge is to gain visibility and stand out from all the noise and the sea of different offerings. Those who would need us the most, i.e. those who need a break from everyday life, are perhaps the hardest to convince.

#### **Is there anything you think that the state or the municipality could do to improve the conditions of businesses?**

“We are completely dependent on functioning traffic arrangements. All of the uncertainties regarding traffic and schedules make it difficult for both residents and visitors. Fewer inhabitants results in fewer people able to take care of

things, and a place that is not taken care of is not attractive to visitors.”

#### **Who do you cooperate with?**

“On Lappo, everyone is dependent on each other, so we cooperate with more or less everyone on the island, which is a definite strength. However, we also collaborate with other entrepreneurs outside Lappo, including different coaches, travel agents, and Visit Åland, and we are open to all possible future ideas for cooperation because we realize that nobody is strong on their own.”

#### **What is your vision for the future of this place?**

“We want to be a part of making Lappo an attractive visitor destination so that we can make a living here all year long. I cannot really say how to achieve that vision, but one thing that visitors are interested in is a wide variety of services. However, that would need further investments and more service providers because one person cannot do everything. Another thing is that it should be easier for visitors to reach Lappo, but we have the same dilemma there; who would do it and how could they make a profit from it? It would also help if our guests would realize that the archipelago is well worth visiting also outside of summer season.”

#### **What have you got out of participating in the project Archipelago Business development?**

“Previously, we used to ‘shoot from the hip’; we did about everything that came to mind and seemed like fun. Now we have realized that we have to analyze and choose carefully what to focus on instead of doing everything we consider fun. Moreover, the analysis and selection needs to be based on where we can make a profit. For example, I would love to have more shops for selling different things, but I would need high sales in order to achieve a return on the investment and to pay salaries for people to work in the shops.” ✖

#### **Annemari Andrén**

Project leader of Archipelago Business Development at the Department for research and development, Yrkeshögskolan Novia, Åbo University in Finland.

den. The project also aims at exchanging knowledge between existing businesses and new potential entrepreneurs.

Existing businesses’ start-up expertise, paired with coaching techniques and the “Loopa”-method models for cross-border business development, will be used to educate and support entrepreneurs and business-counselling services. Students will be involved in co-coaching companies, internships, projects and thesis-work. The project

will also organise international seminars to stimulate networking, knowledge-sharing and business development involving key stakeholders. The use of digital technology will result in the creation of platforms and applications to support cooperation in partnerships, business activities, sales channels and recruitment pools.

The target is to develop 10 new business models for existing companies through diversification, new seasonal solutions or

cross border cooperation. A minimum of 60 existing SMEs will take part in the development process and we expect to trigger the creation of five new startup businesses.

*Read more at: [www.archipelagobusiness.eu](http://www.archipelagobusiness.eu)*



# App speeds up anchoring on busy islands

by Ninna Mörner

The ideas of two Media Technology students added value to the project

For the students who got the chance to test their knowledge in a real-life scenario, their participation in Project Archipelago added value to their university experience. The promotion of entrepreneurship in a unique archipelago environment means thinking outside the box, note the two students Nathalie Westergren and Andrea Viberg, who are studying Media Technology and IT Management at Södertörn University. They use mobile and digital solutions to promote entrepreneurship. They talk animatedly about the assignment they completed within the framework of Archipelago Business Development project (read more at page 86).



Nathalie Westergren and Andrea Viberg, Södertörn University.

“Every student was assigned an island, and we got Sandhamn, which is a very popular island – especially at midsummer. It’s located next to the larger island of Möja, which has about 300 permanent residents, as well as access to a school, doctors etc. Sandhamn, however, is more of a pure summer resort, with just 85 residents and mostly summer houses,” says Nathalie Westergren.

She is a great friend of the archipelago, and has herself spent many summers on Sandhamn and on the lake. She is very fa-

miliar with the places and the environment, while for Andrea Viberg it was unknown terrain.

“We had both my insider’s knowledge and Andrea’s ‘outsider perspective’, which together led to our idea of creating an app to facilitate the logistics for boats that want to anchor.”

Andrea Viberg recounts that when they departed from Sandhamn by boat, she saw how the island was surrounded by jetties and anchorage areas, the vast majority of which are private. At the same time, Nathalie Westergren told her about how the boats line up in the summertime to moor at Sandhamn’s marina. The little harbor is very crowded, and long lines can develop.

“Boats waiting in line can’t turn off their engines, because then they drift with the wind or waves,” explains Nathalie Westergren. She confirms that there are clearly also environmental aspects to take into account.

**SHE ALSO NOTES** that one can call in to find out how long the line is. It is also possible to pay to bypass the line – which is quite expensive – and thus scoop a prime spot to drop anchor. According to her, certain people who know someone on the island or have relatives there may also gain faster access to the marina. This leads to bad feelings among boat owners who do not enjoy those benefits.

In the summertime, boat owners often dock briefly at Sandhamn to stock up on provisions. They thus contribute to the livelihoods of the islanders. It is during these few summer months that the islanders must earn incomes that will last them the entire





Sandhamn is a popular summer resort in the Stockholm Archipelago.

PHOTO: BENGT NYMAN/WIKIMEDIA COMMONS

year. It is clearly a financial downside that a large number of prospective customers simply cannot gain access to the island, or perhaps refrain from anchoring there due to the long wait times.

That is why Andrea Viberg saw potential in creating a way for small boat owners to anchor at all the jetties on the island, including the private ones. Using an app, one can see which jetties are available and book a berth for a certain period of time in exchange for a small fee. In the app, private jetty owners can specify when they have an available anchorage. Apparently it is not unusual that permanent residents opt to vacate the island during the busiest part of the summer tourist season – or sometimes they are simply out on the water themselves, leaving behind a vacant mooring.

“We actually used an existing idea (the Airbnb concept), but reframed it in a new context. The app is a tool, while it’s the berth itself that is the service,” explains Andrea Viberg.

#### How has the idea been received by the locals themselves?

“We conducted a survey about whether they could imagine renting out their berth, and a fair number of people did express concern. ‘What happens if they litter or damage a neighbor’s boat?’ ‘Who is responsible?’ The response was mixed.

The matter of payment must also be resolved before the book-

ing app can be implemented. How will those who rent out their jetties receive their share of the revenue, and how should this be administered? The students believe that the app’s primary purpose is to contribute to increasing the flow of visitors and reducing wait times; it is not meant to be a source of income in itself.

“**WE PRESENTED** the idea at a trade fair and there was a lot of interest. We actually gave it to representatives of entrepreneurs in the Finnish archipelago, who thought it was a promising solution,” says Nathalie Westergren.

She notes that there is increasing interest in Sweden as a vacation destination, including among Germans, Dutch and even French tourists.

They sail up and want to enjoy the Swedish nature and animal life. The Swedish right of public access is also unique and creates a completely different, universal access to nature.

Nathalie Westergren goes on to explain that she is currently traveling around the various islands, lecturing and educating entrepreneurs about digital solutions that facilitate making the archipelago environment more accessible and increasing income opportunities for business owners.

The student participation has thus also yielded added value for the entrepreneurs, who have gained new ideas and knowledge. ✖

**“WE PRESENTED THE  
IDEA AT A TRADE FAIR  
AND THERE WAS A LOT  
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