

## **Possibilism at Firm and Cluster Level: How Institutional Logics Affect Regional Economic Resilience in Lusatia in the Face of Decarbonization**

*Suggested Contribution to Third Hirschman Legacy Conference (Berlin, 24-25 October 2019)*

As a result of large natural lignite reserves and centralized industrial policy during times of the General Democratic Republic, the Eastern German region of Lusatia is economically largely depending on coal mining and power generation as of now. A strong industrial cluster of firms and other institutions like universities, research institutes or industry associations has developed around this theme (Tomenendal et al. 2018: 16). Overall the region counts around 24.000 coal-dependent workers and an annual value creation of about 1.4 billion € in terms of salaries and local contracts from this sector (BMW 2019: 74). Now the German federal government develops a program for the fossil-fuel phase-out in power generation in order to meet Paris Climate Agreement commitments for environmental sustainability. From the perspective of the mining region of Lusatia this central, disruptive policy intervention is an external shock and poses a major challenge for the development of its regional economic system.

From an institutionalist perspective (Ramus et al. 2017; Costa/de Mello 2017) actors in the mature mining cluster have followed and further developed consistent institutional logics for their behavior, for example as employees of companies in the sector. Following first and preliminary insights gained from expert interviews these entail(ed) a strong perception of specific, industry-related core competences and vertically integrated business relationships in the past. In this way the institutional logics provided stability to the fabric of regional relationships much like regional shared identity projects (Tomenendal/Raffer 2016). During times of decarbonization governing institutional logics may on the one hand hinder structural economic changes. On the other hand the institutional logics may be changed by individual and collective actions: The focus on mainly vertical regional economic partners (like suppliers and customers) may widen to horizontal regional or even supraregional/international relations (Chapman et al. 2004: 389). The perspective of a declining business environment may push active resistance, draw the attention towards intensified R&D and network activity but could also lead to strategies of harvesting or divestment (Barney 2011). In general it can be assumed that when institutional logics are changing (or rather: changed by responsible actors) in reaction to an external shock, they trailblaze and support regional, socio-economic transitions.

In the course of a research project which has been initiated by the Innovationsregion Lausitz (iRL), an institution to promote regional structural transformation, we have conducted qualitative expert interviews (Meuser/Nagel 1991) with 32 actors in the coal mining cluster, either (self)employed directly in the mining business, in supply industries or other related fields. We have analyzed the interviews according to the method of structural content analysis (Mayring 2014). As a result we will develop hypotheses on the role and importance of institutional logics for individual actors and firms in the Lusatian mining cluster during times of decarbonization. Thus, we make a contribution to research on regional economic resilience,

which is “the capacity of a regional economy to reconfigure, that is adapt, its structure (firms, industries, technologies and institutions) so as to maintain an acceptable growth path in output, employment and wealth over time” (Martin 2012: 10). We aim to trespass (in the sense of Hirschman (1981)) three different streams of cluster research, namely the streams of evolutionary economic geography, innovation and firm analysis as well as inter-firm networks, social capital and flows of knowledge (see Hervas-Oliver et al. (2015) for a classification of cluster literature into six streams) and to reply to the call by Hervas-Oliver et al. (2014) for linking the relational view of cluster research (which has the cluster as a complete system in focus) with the resource-based view (with individual cluster participants in focus). We strive to achieve this by highlighting the powerful role of institutional logics in fostering innovative regional transformation if it is regarded from a Hirschmanian perspective of possibilism, i.e. as channeling and empowering mechanisms of small-scale and disparate innovations which reveal what could be (Hirschman 1971/2013).

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Part of the research project has been financed by means of the *Ministerium für Wirtschaft und Energie des Landes Brandenburg (Unternehmergespräche im LausitzLab)*.