

Case study: Trånsviken: changes in traditional rural industries (Jämtland, Sweden) – 1998

Two traditional rural industries have been given significant added value and thus greater employment through the application of ICT and teleworking:

- *Aluminium extraction and processing*: started in the 1940s and since then the labour force has been remarkably constant at between 25 to 30 employees, despite increasingly intense competition from areas with cheaper labour. During the 1990s aluminium processing has developed a very specialised niche market with the company *Trangia* producing and selling aluminium travel kits, plus a new line of aluminium plates designed for whirlpool microwaves. 85% of production is exported and the firm shows steady growth. Computerisation is important on the production line as over the years many manual routines have been automated, although no jobs have been lost as company policy has always been to retrain the workforce. The Internet is also used as an effective marketing tool, and many workers are able to telework from home, sometimes outside of the locality.
- *Packaging*: the *Minitube* company has its main market in Europe for the use of timber and other products for producing and selling art paper folders for CD-ROMs, small round tubes for the storage of coins, and plastic folders for thermometers. Starting in the early 1970s, the company now has 25 employees many of whom are teleworking. About 10% of sales are now generated through web marketing and this is growing. One of the consequences of this is a tendency to cut out the middleman (commercial agents) and therefore reduce the price to the customer and/or increase company profit.

To support these and other changes, a community infrastructure, the House of Associations, has been established where ICT companies make their expertise available to traditional industries through the networking and teleworking capacity of the local business association. The House of Associations receives a yearly fee amounting to 80,000 ECU (approximately 35% of turnover) from local business to provide business start up facilities and an open resource centre for the training of their staff. At the firm level, most of ICT provision and some staff resources are co-financed by Objective 6 of European Structural Funds.

In addition to strengthening existing activities, Trånsviken has also developed completely new activities based upon ICT, including data storage and computerised telephony. There is, in fact, a very beneficial synergy between the existing traditional activities and the new industries which reveals that most of the value added of the area comes from the capacity of the local workforce to organise the transfer of know-how and adopt flexible working methods like telework. This is done through well developed partnership arrangements so that the existing activities get their knowledge from the new ICT industries and the new ICT industries get their business opportunities through the existing activities.