

A Resource-based View on Collaboration  
between Firms and Local Partners in a  
Non-urban Swedish Context



Lotten Svensson

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

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FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH  
CONTEXT

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by

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## Summary

Is it feasible to stimulate informal collaboration among non-urban firms and local public- and other private-sector actors, whereby they jointly strengthen the competitiveness of these firms? To answer this question, firms' collaboration with local partner's actors were examined. Most of the studied firms in this thesis are embedded in a regional "ecosystem" of a country (Sweden), with the usual set of public- and third-sector (not-for-profit) actors. Firms that "exploit" all their local external actors do create additional resources for themselves. This thesis argues that such fuller use is feasible and perhaps necessary in a non-urban Swedish context. The Resource-Based Theory (RBT) considers mainly internal firm resources to achieve superior performance. In order to extend this theory in the context of a non-urban area, collaborative excellence is advocated through informal public-private collaboration that can help firms to flourish economically. The collaboration between the public and the private sectors can also enhance a common spirit or identity of a place.

Action Design Research (ADR) Methodology is invoked in this thesis, together with other supporting methods, such as interviews and observations as well as archival data analysis. The intervention was held as a set of workshops and has been used as a key research method at the same time. The results capture, amongst others, views from municipal management, private companies, and community (not-for-profit) associations. The essential aim of this research was to enhance the quality of the interactions among the key individuals from these organizations in their efforts to strengthen productive cooperation between the public and the private sectors. Informal public-private collaboration is important. Thus, more understanding of how such collaboration can be used effectively is paramount. This thesis shows that it is feasible to develop collaboration in a specific Swedish non-urban context when successful private firms and a municipality work well together with relevant, not-for-profit organizations that are also located in, and concerned with, the same region. Therefore, when addressing the competitive potential of a location, the quality of the informal public-private collaboration, should be considered. The abductive research approach of this study aims to offer an understanding of how informal collaboration between firms and local, non-commercial partners may take place, aiming for firms to flourish.

### **Samenvatting/Summary of this PhD thesis in Dutch**

Is informele samenwerking in niet-stedelijke gemeenten mogelijk tussen de daar gevestigde bedrijven en publieke-sector partijen, teneinde de gezamenlijke concurrentiepositie te stimuleren? Om deze vraag te kunnen beantwoorden is informele samenwerking gecreëerd en onderzocht tussen representanten van een rurale Zweedse gemeente; de grote in de gemeente gevestigde bedrijven; en belangrijke lokale not-for-profit organisaties. De participerende bedrijven hebben allen hun wortels in hetzelfde Zweedse gebied. In de vorm van twee workshops werkten ze samen. Deze thesis voert het argument aan dat een dergelijke vorm van samenwerking wellicht nodig is in niet-stedelijke Europese regio's. Bedrijven die informeel met lokale externe partijen samenwerken creëren zo additionele middelen of mogelijkheden voor zichzelf en de regio.

De zogenaamde Resource-based Theory (RBT)) neemt voornamelijk *interne* bedrijfsmiddelen/mogelijkheden in ogenschouw om superieure prestaties te leveren. Deze theorie kan uitgebreid worden, waarbij ook lokale *externe* middelen/mogelijkheden, verkregen via de in deze thesis geschetste lokale inter-organisationale samenwerking, ingezet kunnen worden om bedrijven in rurale gebieden te doen laten floreren. Samenwerking tussen representanten van de private en publieke sector kunnen daarbij tevens een productieve gemeenschappelijke lokale identiteit scheppen of bevestigen. Deze dissertatie laat zien hoe informele publiek-private samenwerking tevens daaraan kan bijdragen.

In dit proefschrift wordt de zgn. Action Design Research (ADR) methode ingezet, tezamen met andere methoden, zoals participerende observaties als (historische) analyse van bestaande data. De interventie werd ingezet in de vorm van twee opeenvolgende workshops waarin actief werd geparticipeerd door de belangrijkste representanten vanuit de lokale organisatiegemeenschap: bedrijven; gemeente en organisaties zonder winstoogmerk. In dit proefschrift zijn de gepercipieerde effecten geschetst van deze bijzondere workshops (bijzonder, qua samenstelling en qua opzet). Toekomstig onderzoek zou op een meer systematische en longitudinale wijze de effecten bij en via de verschillende samenwerkende partners kunnen gaan traceren. Het hoofddoel van dit proefschriftonderzoek was om te onderzoeken of deze informele tripartite samenwerking tussen de voornaamste representanten van deze organisaties mogelijk en zinvol was, en zo ja of meer van dit soort samenwerkingsconstructies aanbevelenswaard en onderzoekwaardig zijn. Dit proefschrift laat zien dat de RBT gebruikt en zelfs uitgebreid zou kunnen worden met behulp van dit soort belangrijke informele

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

samenwerking tussen deze gevarieerde rurale partijen. Het lijkt er namelijk op dat achter de geïnduceerde type publieke-private samenwerking extra bedrijfs- en onderzoeks-mogelijkheden schuil gaan. Het begrijpen of en hoe dergelijke niet-stedelijke lokale samenwerking effectief kan worden aangewend lijkt daarom van groot praktisch en theoretisch belang. Het sterk begaan zijn met dezelfde regio is uiteraard een voorwaarde voor de keuze van de representanten die meedoen aan de workshops. Het grotendeels descriptieve karakter van het proefschrift probeert de lezer inzichten te geven in nieuwe bedrijfskansen die uitgaan van informele regionale samenwerking tussen bedrijven en representanten van de publieke sector in een niet-stedelijk Zweedse context.



### **Acknowledgments**

This PhD thesis has been a long journey – almost a roller coaster ride in which I have had to rely on my courage, my stamina, my heart and my brain. At last, here is the result – a doctoral thesis that I hope can inspire change for the better, even if just a little, for many people. Thank you, everyone, for standing by my side on this journey. Viking and Zaga – Many thanks for your help and support. As the world’s best children, you have always helped me stay positive and find the bright spots in life. Thanks to all my family from Boterstena and Böja, my mother, father, sisters Lollo, Linda and Louise, over the many years of my work. You always cheered me on, even when the journey was difficult and challenging. Professor Celeste Wilderom – Thank you for your sincere support throughout the entire thesis process. You are my role model. To my Swedish associate professor Jim Andersén – Thank you for your guidance, especially related to the RBT aspects of my thesis. Professor Stefan Tengblad – Thank you for your support and encouragement. Eva Akersten, Dr. Mikael Wickelgren, Jan Sedenka, Jessika Cullberg and Elisabeth Insulander – Thank you for your constant support as I researched and wrote this thesis. Professors; Ingrid Bergh, Anne Persson and Margaretha Oudhuis – Thank you for all your support and advice. To all my other colleagues – A huge thank you for your support. To Dr. Bahram Hooshyar Yousefi – many thanks for helping me out with the charts and Dr. Susanne Durst – many thanks for your insightful suggestions. To all the fantastic entrepreneurs, local association representatives and officials in Töreboda, Bergamo and Aix-en-Provence/Saint Tropez – I wish you every success in your very important activities. Special thanks to Tommy Sandberg, Kerstin Söderberg and Bengt Sjöberg for all your discussions as we solved so many problems, both large and small. Thanks to Peter Fredriksson for discussions about the model “Business in Motion”. Thanks to the “Kungliga och Hvitfeldska stiftelsen” for contributing to the printing of my thesis. Thanks to the University of Skövde for support with translation and printing. Due to support and contribution from Lotten & Company Ltd. I could do this research partly as an industrial PhD candidate. Thanks also to Professor Tomas Polesie and Professor Ewa Wikström for guidance on my licentiate thesis and in discussions on some of the empirical work. Thanks, finally, to Docent Petra Adolfsson for her advice.

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Twente, the Netherlands, December 2016

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

**Table of Contents**

<b>Chapter One</b>	<b>INTRODUCTION</b>	<b>14</b>
<b>Chapter Two</b>	<b>RESOURCE-BASED THEORY</b>	<b>18</b>
<b>Chapter Three</b>	<b>RESEARCH CONTEXT, APPROACH AND METHODS</b>	<b>43</b>
<b>Chapter Four</b>	<b>KEY ACTORS IN TÖREBODA</b>	<b>59</b>
<b>Chapter Five</b>	<b>ANALYSIS AND INTERPRETATION OF RESULTS</b>	<b>126</b>
<b>Chapter Six</b>	<b>DISCUSSION</b>	<b>146</b>
<b>References</b>		<b>156</b>
<b>Appendices</b>		<b>166</b>

## Detailed Table of Contents

1. INTRODUCTION.....	14
1.1 Background of this thesis.....	14
1.2 Aim of this thesis .....	16
1.3 Research question .....	17
2. RESOURCE-BASED THEORY .....	18
2.1 Resource-based Theory.....	18
2.1.1 Developing Resource-based View into Resource-based Theory .....	20
2.2 The RBT and its VRIO framework as an analytical model for companies .....	23
2.2.1 RBT shortcomings.....	26
2.3 Public-private partnerships .....	27
2.3.1 Public-private partnership development.....	29
2.3.2 Public-private partnerships in practice .....	33
2.3.3 Important municipal initiatives.....	34
2.4 Relational RBT as a framework for actors in informal public- private collaboration .....	37
2.5 “Business in Motion” .....	40
3. RESEARCH CONTEXT, APPROACH AND METHODS .....	43
3.1 Action Research .....	44
3.1.1 Workshop I.....	45
3.1.2 Workshop II.....	46
3.2 Sampling of region and companies - Two-stage sampling .....	48
3.2.3 Site visits, respondent control and case studies .....	56
3.3 Semi-structured interviews in Töreboda .....	56
3.4 Analytical procedures .....	57

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

4. KEY ACTORS IN TÖREBODA .....	59
4.1 Töreboda – A municipality of woods and farmlands .....	59
4.1.1 Municipality leadership .....	67
4.1.2 The Association and the Töreboda Festival .....	74
4.2 The Swedish Federation of Business Owners in Töreboda and the KRAFT Group .....	76
4.2.1 The Swedish Federation of Business Owners in Töreboda .....	77
4.2.2 The KRAFT Group .....	79
4.2.3 Elicom Ltd .....	82
4.2.4 Moelven Töreboda Ltd .....	82
4.2.5 TM Automation Ltd .....	83
4.2.6 Wåge Industrier Ltd .....	83
4.2.7 Törbolack/Porator Ltd .....	84
4.2.8 Ltd. Conny Green .....	84
4.2.9 Källbergs Industri Ltd .....	84
4.2.10 Clean Production Ltd .....	85
4.2.11 Nimo-Verken Ltd .....	86
4.2.12 Ltd. Zinkano .....	86
4.2.13 Hanza Mechanics Sweden Ltd, formerly Elos Precision Ltd .....	87
4.3 Skaraborgs Städ Ltd. – A growth company .....	87
4.4 Public-private workshops for common development .....	88
4.5. Three companies in Töreboda .....	92
4.5.1 Hermanders Ltd. – A guy from Ockelbo who bought a lamp factory .....	93
4.5.2 Daloc Ltd. – A subsidiary in the safety door industry in Europe .....	101
4.5.3 Westerstrand Urfabrik Ltd. – A family company managed by the 2nd generation .....	110

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

4.6 The three companies at the aggregate level .....	117
4.7 Local involvements in the three companies in the Töreboda region .....	121
4.8 The companies' resources in the Töreboda region.....	123
4.9 Summary of key actors in Töreboda .....	125
5. ANALYSIS AND INTERPRETATION OF RESULTS .....	126
5.1 Main findings .....	127
5.2 Municipal level .....	130
5.3 Firm level .....	131
5.4 Extending the VRIO framework .....	135
5.5 Local identity projects.....	142
5.6 Benefits from the interaction between the local and firm level ...	144
5.7 Summary of analysis and interpretation of results .....	145
6. DISCUSSION .....	146
6.1 Practical implications .....	150
6.2 Strengths, weaknesses and future research paths .....	153
References.....	156
Appendix I Figures, tables and photographs.....	166
Appendix II Interviews .....	168
Appendix III Workshops I and II.....	169
Appendix IV Workshop II Scenarios .....	169
Appendix V Comparable regions and companies in Italy and France.....	174
Appendix VI Topic list .....	181
Appendix VII Identified Needs of the Working Groups in Töreboda .....	183

## 1. INTRODUCTION

Urbanization is increasing worldwide. We find this trend notably in Europe where young people move to the city, leaving behind small towns with aging and immigrant populations that require evermore social services, whilst tax revenues are decreasing (Melinder and Schaerström, 2005). It is important to promote such rural areas and aid their firms flourish in authentic ways that create sustainable competitive advantages (Barney, 1991; Grant, 1991; Porter, 1980). The thesis addresses how key players in such regions combine their resources in order to help these regions thrive. In particular, the thesis argues that the combination of private and public resources, via informal public-private collaboration, can occur if they aim for long-term solutions for the competitiveness of local firms and their local contexts. This thesis shows that such informal collaboration is feasible; non-urban companies within one Swedish region can cooperate well with local partners in various informal ways, notably around employee recruitment, training and education and other related issues such as logistics, transportation, housing and public services.

### 1.1 Background of this thesis

The author's previous study, conducted in the northwest part of West Sweden – an area called Skaraborg, was presented in her licentiate thesis.\* That thesis identified the importance of the "location" of small and medium-sized enterprises (SMEs) (Svensson, 2012). That thesis dealt with the development of such enterprises in terms of their resources, including how they relate to the location factor. Interviews were conducted with local company owners and a cultural department officer. Local companies were compared in terms of their sales and number of employees over a five-year period.

That licentiate thesis explored and tried to understand how location can be a possible resource for SME development. It examined the concept of location from a Resource-based View (RBV), expanding on it

\*In Sweden, the licentiate thesis is written halfway through a Swedish PhD program (<http://www.uka.se>). The licentiate thesis is in Swedish and may be obtained from the author: [lotten@lottencompany.se](mailto:lotten@lottencompany.se). Note that the author's licentiate thesis is only used for background information in the current doctoral thesis.

in the empirical section, and discussed it in its Resource-based Theory (RBT) section. Company resources, which are typically described as people, capital and raw materials, also include location. Location has been discussed throughout history as it applies to religion, fashion, politics, psychology, philosophy, nature, culture and art (Schmitt and Simonson, 1997). Location was suggested as a factor that may also have companies join with governments in private-public networks, with the aim of advancing regional growth and development. The findings of that previous thesis motivated this doctoral thesis which focuses on a similar question in a different, non-urban region.

Other research shows that people seem to work more cooperatively if they become involved in networks (Berger and Luckman, 1991). Collaboration is crucial for joint development and problem solving. Therefore, the importance of location is that it can create community harmony, loyalty and identity in ways that lead to more efficient and productive management of firm resources. The three major conclusions from the licentiate thesis regarding the owners of small and medium-sized companies in the Skaraborg region, are:

- They have developed their products or processes with the help of competent staff in order to maximize internal efficiency through flexibility and customization.
- They reinvest their profits and do not overuse their resources.
- They are involved in their communities and help strengthen local identity.

The companies' attachment to their locations, in a cultural and social sense as well as a business sense, creates company identity. The owners, who live in the communities where their companies are located, invest in their employees; are prudent in managing investments, develop internal efficiencies successfully; and manage external uncertainties carefully. Several owners are also actively involved in developing the community as a tourist destination. In other words, the company owners exhibit a willingness to take risks as well as exhibit responsible leadership in developing not only their own businesses but also their communities.

In sum, the past licentiate research conducted on the Skaraborg companies motivated this doctoral thesis in terms of its aims and research methodology. This second, follow up doctoral-thesis study gives us a better understanding of how the major firms in a non-urban Swedish context added a competitive advantage: not only to their own firms but also to other firms located in their own non-urban municipality. The next section explains how the research evolved for this doctoral thesis.

## 1.2 Aim of this thesis

The aim of this doctoral thesis is to show that informal public-private sector collaboration in a non-urban European region may help its firms to flourish. I explore how an unusual informal public-private collaboration provides opportunities for communities in rural areas to help them thrive. I show how companies located in a particular non-urban location can improve their cooperation with relevant, resourceful actors in the area.

Rural regions are changing rapidly. Often, these changes mean decreased growth and population decline. To stimulate development, such regions need to find ways to meet challenges as they search for new solutions for their foreseeable problems. The construction of collaboration between actors in non-urban areas is of interest to both the public and the private sectors. I explain how extra company resources can be developed. Joint efforts of local business organizations and municipalities are feasible, according to this thesis. This is especially of importance in non-urban contexts.

We may think of a location geographically when we specify a particular community, or socially when we refer to the constant creation and re-creation of relationships and networks that have meaning and utility (Hannan and Freeman, 1977). In this thesis, the non-urban location is considered as a geographically and socially overlooked research area. The creation of local identity is based on the efforts that the residents of a specific location shape. According to Relph (1976), identity stems from a place's events and activities just as much as from its physical existence. Such events and activities may create local cohesion among residents through cooperation, participation and organizational management. Relph explains that each individual's experience may differ considerably from the "general" experience of people in a location. The reputation of an area is typically derived from rumors, branding, rankings, etc. that may have a large effect on those individuals. The idea of value-creating factors in one location can differ depending on whether the individual is an inhabitant, a short-term visitor or someone who has only heard of the place through rumors or commercial campaigns.

Location-specific factors can be important for companies when they wish to develop into superior performing places; this idea has not been widely studied to date (Kraaijenbrink, Spender and Groen, 2010). I show how firms in non-urban areas may flourish if they can capture more of the potential resources of a given location, not only as single firms but also in collaboration with other firms and with actors from the public sector



and from not-for-profit organizations. Such improvements are possible through focused collaboration between the public and the private sectors, including working with not-for-profit organizations.

### **1.3 Research question**

The research question of this thesis, based on my prior research and my interest in understanding how to help non-urban areas thrive, despite their resource reductions due to urbanization, is the following: Is it feasible to stimulate informal collaboration among non-urban firms and local public- and other private-sector actors, whereby they jointly strengthen the competitiveness of these firms?

The key theoretical strand of the thesis involves especially the RBT approach to such collaborative work. With this type of theorizing, as a basis, I aim to contribute to both theory development and to a better understanding of how to help non-urban contexts flourish socio-economically.

## 2. RESOURCE-BASED THEORY

A company's profitability, according to RBT, is about its ability to be more competitive than other companies in the same industry. Various *internal* factors explain and determine how profitability can be created and maintained in the long term. A company can create, control and/or combine its essential business resources in various ways to generate a competitive advantage (Barney, 1991). This thesis shows how using RBT may help non-urban companies to increase their competitiveness via collaboration with *external* actors of the local public sector. RBT can be utilized as a lens for the creation of informal external networks and collaboration in non-urban areas where public-private partnerships concentrate on efforts and investments in a specific locality. A relevant precursor of the RBT is Porter's (1980) five-force model. Therefore, I begin with Porter's model.

### 2.1 Resource-based Theory

Before RBT became popular, external firm factors were used to explain performance differences among competitive firms. Porter's (1980) five-force model analyzes the following five external company factors: the degree of rivalry in the industry, the customers' bargaining power, the suppliers' bargaining power, the availability of substitutes and the new entrants in the industry. These five forces enlighten performance differences between industries. The model identifies and aids in developing competitive advantage based on an analysis of the *external* factors that influence a company's ability to generate profit and thus possibly define the rules of competition for its industry.

Other external factors that may increase competitive advantages are: new technologies; the changing needs of the target groups; changes in legislation; and the development of new industry segments. These factors can be used to analyze companies' strengths and weaknesses as far as their ability to out-perform others. However, Porter's model has been criticized because it does not deal with the *internal* factors that influence competitive advantage. Ideas about *internal* resources and their influence on profitability and sustained competitive advantage have gradually gained supporters who conclude it is not enough to examine only a company's environment and its industry. Thus, it is necessary to look at how a company's own competences and resources create competitive advantage. Such competences and resources (e.g., managerial abilities) have long been analyzed. Penrose (1959) was one of the first to de-

emphasize the importance of external factors. In her view, skilled management is the most important intangible, special value-creating resource.

The so-called subjective perceptions on resources and possible resource capture have been expressed in various ways: “Although the ‘objective’ productive opportunity of a firm is limited by what the firm is able to accomplish, the ‘subjective’ productive opportunity is a question of what it thinks it can accomplish. ‘Expectations’ and not ‘objective facts’ are immediate determinants of a firm’s behavior” (Penrose, 1959: 41). Another comment, based on a similar assumption of the subjective perception of resources, is the following: “It is not the actual resources themselves that determine the growth and direction of a firm. Rather, growth is a function of the productive capabilities that are engendered by resources interacting with managerial cognitive frameworks” (Porac and Thomas, 2002: 115).

This reasoning laid the groundwork for the more developed view of company resources now found in the literature. Many years later, the RBV became important in discussions on *internal* resources as contributors to strategic competitive advantage and the physical organizational processes and people’s competences are now seen as essential and fundamental resources of an organization (Wernerfelt, 1984; Barney, 1986: 1991). The RBV assumes that resources are heterogeneously distributed among companies and that, at any time, companies in the same market have different resources and opportunities for creating sustainable competitive advantage and superior performance measured in economic rents. RBT addresses how *internal* factors can help a firm to achieve superior performance. According to this theory, performance is measured by different rents. RBT concerns explaining so called “Ricardian rents” where rents come from owner rights of, for example, land, patents and/or brands, as well as other resources. Other rents either demonstrate a company is performing in a superior way by having monopolies or that they have products with a limited selling range. There is also the so-called entrepreneurial rent which relates to being entrepreneurial by continuously developing new combinations of resources (Schumpeter, 1934, 1950).

Rents are crucial to the extent they are comparative measures that can be used in cross-sectional and longitudinal studies. Companies can distinguish themselves from the industry average because many companies are in predictable, stable and mature markets. Thus, it is possible to analyze and forecast a company's prospective development of profitability in its product market (Barney, 1991).

A company's resources, which can be almost anything, can be roughly divided into two categories: physical and intangible. The physical resources may be raw materials, land, equipment, etc. Intangible resources may be trademarks, patents, know-how, human resources (employee skills) and organizational practice and processes. The literature discusses all these resources in depth (e.g., Armstrong and Shimizu, 2007; Collis and Montgomery, 1995; Locket, 2005; Locket, O'Shea and Wright, 2008; Locket, Thompson and Morgenstern, 2009). The crucial factor that determines a resource's value is whether a company owns and/or controls it (Barney, 1991). In this thesis, we will extend this idea of control to "co-controlling resources.'

### **2.1.1 Developing Resource-based View into Resource-based Theory**

The introduction of the RBV led to the development of several related theorizing and to empirical studies. Next, I explain the different views and gaps discussed by the RBV researchers. Barney (1991) and Wernerfelt (1984) argued that resources are essential for a company to develop sustainable and profitable competitive advantage over time. Resources can generate sustainable competitive advantage if they meet certain identifiable criteria as proposed by Barney (1991) in the so-called VRIN framework. This then developed into the VRIO framework that deals with combinations of co-controllable and/or shared resources (Barney, 1991; 2002; Barney and Hesterly, 2006; 2008).

The VRIO framework of resources consists of the following: A resource must be V = Valuable; R = Rare; I = Inimitable; and O = Organized well. Knott (2009) discusses how the RBT can be integrated into company practice. Many researchers have addressed how resources, individually or in combination, can influence a company's ability to compete in the long term, especially in stable markets (Barney, 1986; 1991; Barney, Wright and Ketchen, 2001; Rumelt, 1984; Penrose, 1959; Peteraf, 1993; Porter, 1980; Wernerfelt, 1984; 1995).

In the maturity phase, between 1958 and 1980, the RBV became RBT. The theory was developed further in order to extend the maturity phase between 1990-1999. Current leading RBT research, from year 2000-2015, is looking among others, at how immobile resources can strengthen the theory (Andersén, Jansson and Ljungqvist, 2015).

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

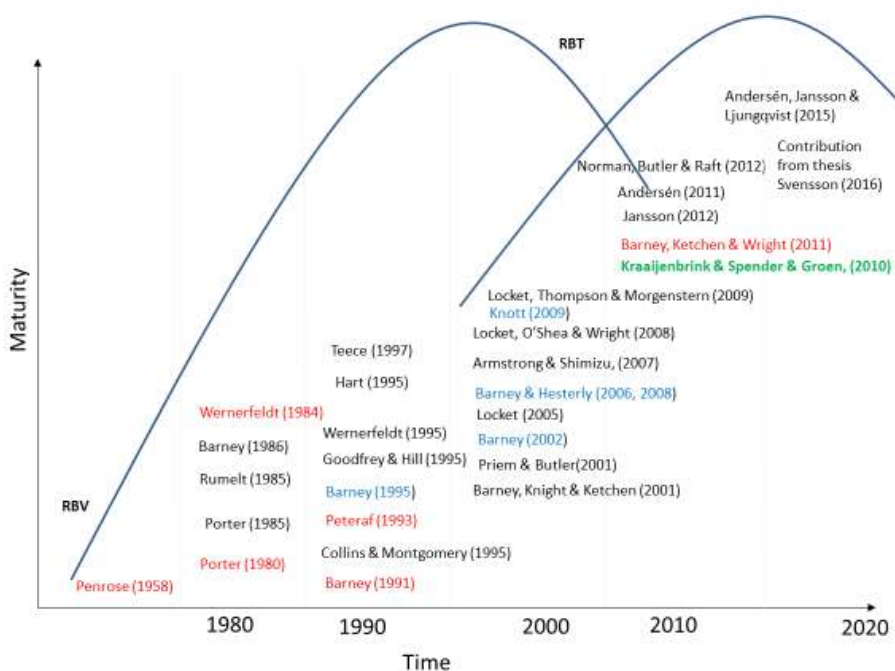


Figure 1 Reconstruction of the RBV's Development over time.

The color coding in Figure 1 is as follows: the main findings are in red; the basic RBV requirements are in black; development of the RBV to RBT is in blue; development from the VRIN framework to the VRIO framework, with combined resources is in green. The discussion section of this thesis deals with how the RBT can be improved.

This thesis contributes to the discussion, and specifically to the importance of “location” as a factor that affects the VRIO criteria where strategic resources can create and/or contribute to firms’ competitive advantages. Relph (1976) describes the physical environment as important for establishing “place” or “location”. This thesis illustrates how location can be treated as a key resource by non-urban business actors.

Researchers have developed and used the RBV for a long time. However, today it has matured and spread in a form that we can refer to as RBT, although researchers disagree on whether it has developed sufficiently as a powerful theory from which empirical research can be derived (Andersén, 2005: 2011; Barney, Wright and Ketchen, 2011; Kraaijenbrink, Spender and Groen, 2010; Priem and Butler, 2001). New

data are needed to develop the RBT further. Several researchers have studied the connection between resources and temporary profitability, but few have studied the connection with immobility, time, location and uncertainty (Andersén, Jansson and Ljungqvist, 2015; Kraaijenbrink, Spender and Groen, 2010). Previous research focused on how time, location and uncertainty can contribute to the RBT's development, but no specific suggestions were made on how location can affect value and other resource features (Kraaijenbrink, Spender and Groen, 2010).

During the years between 1992 and 1999 researchers dealt variously with the RBV; a number were beginning to use the term RBT (Peteraf, 1993; Teece, Pisano and Shuen, 1997; Wernerfelt, 1995). Several case and cross-sectional studies have used empirical data, to describe companies and their development (Goodfrey and Hill, 1995; Collis and Montgomery, 1995). Hart (1995) described two important assumptions about resources, extending the VRIN framework in which the organization and the immobility of many resources play roles.

In its maturity years, 2000 to 2014, the RBV was criticized as it evolved toward RBT. Gradually RBT began to appear in discussions on the use of management resources and in company analyses (Barney, Wright and Ketchen, 2001; Lockett, 2005; Priem and Butler, 2001; Spender, 1989). Researchers engaged in several important discussions on method and empirical evidence collection during this period (Armstrong and Shimuzu, 2007; Lockett, O'Shea and Wright, 2008; Norman, Butler and Raft, 2012). The VRIO framework was developed further and used to show how a combination of resources could create a unique palette of resources (Andersén, 2011; Barney, 2002; Barney and Hesterly, 2006; 2008; Knott, 2009).

The years between 2000 and 2014 have been designated as the RBT maturity period of RBT. Thereafter, new developments and renewals of RBT began with a critical examination of earlier empirical studies (Andersén, Jansson and Ljungqvist, 2015). Previously, RBT and the lack of transparent empirical results were highly criticized. The problem with tautology was raised by Priem and Butler (2001); if one only examines the VRIO value dimension, it is impossible to falsify or confirm the RBT and therefore it is difficult to make it non-tautological. Since measuring a value itself is not enough, the value must be defined as a capacity making a resource competitive. If a resource, for example, must be socially complex to be able to create superior performance for a firm, those resources must be organized correctly to be able to generate profit.

Normally authors focus specially on the value dimension of the RBV; in this thesis, RBT is evoked in terms of how location can be

used without being tautological. Kraaijenbrink, Spender and Groen (2010) do not yet discuss how RBT can be strengthened when the “location” factor is taken into consideration.

Previous strategy research has largely overlooked the importance of the location factor. A problem arises when examining resources as a causal ambiguity paradox. This means that the assumed causal relationship between a resource and sustained performance is unclear. It is a challenge to study causal ambiguity because if the basis for a sustained competitive advantage is that the relationship between resources and performance is unknown, it will be difficult or impossible for a researcher to identify those resources. The fact that it is problematic to isolate resources means it is difficult to conduct empirical RBT studies, but it is not impossible. Rouse and Daellenbach (1999) argue that qualitative studies can overcome this problem: as shown, for example, by many organization-culture studies. They argued in-depth case studies should be conducted in order to overcome the problem of identifying resources with unknown relationships between the resource and its performance. The investigation should focus on organizational resources at large and not only on *internal* issues in organizations. Lockett, Thompson and Morgenstern (2009) warned that this could weaken RBT and make it become less meaningful.

## **2.2 The RBT and its VRIO framework as an analytical model for companies**

The VRIO framework was mainly developed as a set of criteria that have to be fulfilled in order for resources to generate competitive advantage. Thus, it was mainly a descriptive framework rather than a model for analyzing firms (Barney, 1991; 2002; Barney and Hesterly, 2006; 2008). Its constituent factors were assumed to provide competitive advantage (Barney and Hesterly, 2008). The VRIO framework can be used to make strategic analyses of companies in case studies that examine companies’ strengths and weaknesses (comparable to a so-called SWOT analysis of a firm’s strengths and weaknesses as well as opportunities and threats).

### **V= Valuable**

The issue of value concerns whether a resource can provide a low-cost and/or a differentiation advantage (Barney, 2002; Peteraf, 1993). Value can also refer to whether the resource creates conditions that allow the company to exploit its environment and neutralize its threats (Barney and Hesterly, 2008). The answers determine whether the resource is a strength or a

weakness. Resources that are strengths can be used to develop possibilities and neutralize external threats.

### **R = Rare**

The issue of the rareness of resources is important in understanding if a company can prevent their use by a competing company; a resource can be valuable but still be unable to produce a competitive advantage if competitors can also use it (Barney and Hesterly, 2008). Therefore, we have to ask how many competing companies have access to a particularly valuable resource in order to isolate it from competitors. Even if only a few other companies have access to a resource, a competitive advantage can still be created.

### **I = Inimitability and the concept of resource immobility**

Resource inimitability is linked to intrinsic resource attributes like unique history, causal/linkage ambiguity, and social complexity. These attributes make resources more difficult to imitate (Barney, 1991). An example of inimitability is when a resource is socially embedded in internal and/or external relationships (Andersén, Jansson and Ljungqvist, 2015).

A key requirement for a firm to be competitive, according to the RBV, is to control and exploit certain resources. If a company can control valuable resources, and if they are also rare, inimitable and superior company performance may be sustained. As to which part of the VRIN and the VRIO framework has the most impact is explained by Crook, Ketchen, Combs and Todds (2008: 1144): “value and inimitability matter the most because resources that are difficult to imitate are rare by definition and substitution is a form of imitation”. Barney (1991) lists three reasons why it is difficult for competing companies to imitate valuable resources: a resource is based on a company’s unique history, causal ambiguity, and its social complexity. Some resources are intuitively difficult to describe in words. They are characterized by tacit knowledge and have an intrinsic value for the company that owns or controls them because they are difficult to imitate.

However, inimitability is not enough because other firms can also acquire such valuable resources, for example, by recruiting key employees from competing firms. Thus, valuable resources do not only need protection from imitation; they also need tradability barriers, etc. (Barney, 1986). Andersén, Jansson and Ljungqvist (2015) discuss how the two sub-dimensions of resource immobility (imitability and tradability) are factors that can limit access to resources on a factor market, including labor, capital and natural resources, the so-called “tradability limitations”. The addition of tradability limitations to the inimitability concept leads to the new concept of resource immobility, where the tradability limitations and



imitability of resources are examined (Andersén, Jansson and Ljungqvist, (2015). In this thesis, the concept of immobility focuses, among others, on how firm resources mobility is hindered by the creation of, for example, collaboration, loyalties, work knowledge and business culture and other traditions. Immobile resources are difficult to transfer among companies. Also other views of what causes immobility show that the "location" in municipal development, with its history and identity, influences how actors and people choose to move or not (Castell, 1997). Local human engagement can be crucial for innovations (Gertler, Wolfe and Garkut, 2000). The social value created by a location demonstrates the strength derived from community commitment and participation which in turn helps companies overcome obstacles and seize opportunities.

### **O = Organization**

Barney and Hesterly (2008) address the following question: How can companies exploit their competences and other resources? A company's way of organizing its resources concerns how it develops its policies and procedures. Those policies and procedures will support a particular development of a company and its use of tangible and intangible resources. Companies have formal and informal policies and procedures such as information systems, management systems, follow-up procedures, compensation policies, etc. (Barney and Hesterly, 2008).

#### *Summary of the VRIO framework*

The VRIO framework is a framework for analyzing the internal resources that a firm can develop, creating sustainable competitive advantage. The VRIO framework, which developed from the previous VRIN framework, includes competent organization of the resources by the firm. The framework has been empirically tested and may be linked to other external theories or concepts useful for understanding the complex environments of firms. The VRIO framework, which is the core of the current theory, can be used to understand firms' relative performances compared to other firms. Contemporary RBT research focuses on intangible resources, such as knowledge and personal skills that can complement the industry's previous focus on specific products or patents. There are several studies on human resources and the RBT, and in the field of strategic human resource management it has been examined how to integrate HRM and the RBT but they have not yet added location to the RBT (Andersén, 2011; Kraaijenbrink, Spender and Groen, 2010; Peteraf, 1993).

### 2.2.1 RBT shortcomings

The limitations of RBT and the predominant RBV can be discussed in terms of the following: 1: underemphasizing the cost associated with the acquisition and development of resources; and 2: taking the static perspective on rent generation that limits the understanding of value, creating processes and the notion of dynamic capabilities. The shortcomings are useful since complex firm contexts evoke the broader view of dynamic capabilities, particularly in collaboration (Lavie, 2006). The focus on ownership or control of a resource by a firm limits the strict use of RBT because this theory does not take into account how collaboration can provide more resources to the firms even when, individually, they do not need to own or control each resource (Lavie, 2006).

Depending on how the researcher uses RBT there are ways of making sound assumptions about the firm's context. For example, Penrose's (1959) work has been criticized because the focus is not solely on the internal factors that are fundamental in RBT. Penrose (1959) assumed that internal resources seem to lack dynamism; therefore, expansion of firms must be considered. Barney (1991) and Wernerfelt (1984) focused on the firm as a group of different resources. This idea links them with the start-up ideas discussed by Penrose. Because RBT has, in itself, shortcomings in helping a firm develop its strategy, we need to connect RBT with the characteristics of the market in which the firm operates (Amit and Shoemaker, 1993).

The focus on growth and sustainable competitive advantages (profitability) is most common in contemporary strategic business research. However, more empirical studies are needed to show how long-term competitive advantages can be sustained. There is also a problem among researchers as to how resources and their value should be defined. There is a lack of empirical studies that show the longitudinal effects on resource immobility and sustained performance (Andersén, Jansson and Ljungqvist, 2015). The goal of only identifying *internal* resources limits the development of RBT. Therefore, the theory has been expanded to include various *external* resources.

The so-called Relational RBT allows the idea that various types of resources can be controlled by more than one firm. Relational RBT may combine external resources through collaboration that may support firms in their profitability. Thus, even though RBT tends to focus on

*internal* firm resources, it should also address how *external* factors may contribute to firms' development (Amit and Shoemaker, 1993). Hence, we need a much greater understanding of how to incorporate the use of valuable resources from firms' complex environments; including the ones in the firm's local environments (Andersén, 2011).

### **2.3 Public-private partnerships**

There are various examples of how the public and private sectors can create sustainability in a non-urban area. A partnership or informal collaboration in the public context is defined as a cooperative relationship that involves sharing power, work, support and information where the aim is to achieve common goals and benefits (Trafford and Proctor, 2006). The traditional division between the public and private sectors is fundamental for many of our assumptions about such partnerships (Weintraub, 1997). A public-private partnership consists of a public entity and a private company (or companies) that operate as a partnership in which the partners are a governmental entity and one or more private enterprises. Such partnerships can be used for major infrastructural investments or for small and local projects. Projects may include hotels, recreational facilities, cultural activities, with the intention to make an area more attractive and to sustain/increase its population. Collaborative excellence then concerns how to bring actors from the private and public sector together in order to achieve particular goals and results and/or to produce new knowledge or solutions.

One example of such successful collaborative action comes from government-funded programs, such as in Germany, where the aim is to find interdisciplinary forms of collaboration (Schröder, Welter, Leisten, Richert and Jeschke, 2014). Another example is the integration of social marketing into routine public health practice where changes in purchasing behavior in health care should benefit both individuals and society. A four-year project resulted in an increased awareness of social marketing among U.S. public health practitioners (Pirani and Reizes, 2005). In the industry, examples of collaborative excellence emerge where a true collaborative "economy" of suppliers, producers, distributors and customers develops. Every economy faces challenges in how to optimize its joint performance.

Basu (2001) looked at how business challenges can be converted into performance. The Danish government has tried to improve collaboration between the public and private sectors with its Responsible Growth Action Plan for CSR 2012-15. The aim of this plan is to fulfil a vision of private business and government working together to create

world-class businesses, based on shared values and responsible growth. Another idea for increasing responsible growth is the use of intersectional partnerships (Danish Government, 2012).

Studies that have examined different areas of expertise show how public-private partnerships deal with communication and interactions. There are examples of how specific knowledge skills can be useful for sharing and using information for common purposes. For example, skilled employees who can manage sensitive information dissemination are described as the organization's "cat's whiskers" (Jarvenpaa and Majchrzak, 2016). Another study of healthcare systems shows how major (negative) changes result when support for health promotion is reduced because of lower taxes. Such reduction in support affects information and interactions among the various actors (Bell, Phoenix, Lovell and Wheeler, 2014).

Other studies of health promotion in rural areas show how forests and green lands can help produce beneficial health/wellness results. Raising awareness of the benefit of so-called green locations for people who need relaxing environments and a healthier lifestyle seem to be becoming more important (Bell, Phoenix, Lovell and Wheeler, 2014). The fact that people feel good and experience freedom and harmony in non-urban areas with family, friends and the neighborhood in general can be useful when constructing such environments where people live and work (Rosengren, 2010).

A cooperative perspective across the two main sectors (i.e., public and private) within societies helps us understand how actors who represent a sector to some extent, create meaning and added value for a firm and public bodies. Problem solving is an important task when these actors need to share information and develop trust with each other. There is a great risk that problems will not be solved if information is blocked or knowledge is not shared sufficiently by everyone. Not sharing information is as bad as spreading the wrong information or sending good information to the wrong person. In all those cases, a company is at risk of losing its competitive edge, damaging its reputation and losing the advantage its intellectual property provides. Since the public sector wishes to serve its citizens as well as possible, a long-term public-private partnership, by sharing costs, risk, and capital flows, may offer both the public sector and the private sector opportunities to invest as well as enable private companies to grow.

A major difference between the public sector and the private sector concerns how opportunities for innovation in projects and access to private information about future costs can be created and shared (Hoppe and Schmitz, 2013). Regarding collaborative excellence type of

partnerships (Bell, Phoenix, Lovell and Wheeler, 2014), the public sector tends to choose models based on costs. These costs relate to the collection of information and to the innovation efforts that can create contractual opportunities to reduce risks and to share responsibilities with private investors and sub-contractors. The VRIO framework provides information on private companies' resources that have led to their superior performance. When public-private partnerships pool their resources, those resources can be shared between those partners.

Important municipal initiatives form the basis of good, community-involved partnerships in which actors in the private sector use their resources and involve the entire business community (Brorström, 2010). RBT, which is useful for determining the strategic directions of companies, is linked to the idea of developing public-private partnerships where combinations of, or access to, different resources are propagated in attempts to create joint activities for investing in industry, logistics, infrastructure, education or other important regional issues. Without good organization, the partnership cannot create and coordinate these types of resources effectively; good intersectional cooperation is needed to achieve extra effects in such resource combinations. Location is thus important, but it seems even more important that circumstances are created by actors in one location which engenders collaboration with actors of another sector.

### **2.3.1 Public-private partnership development**

The United States, as an early adopter of public-private partnerships in the twentieth century, took a more liberal approach to privatization than European countries. The main driving forces behind such partnerships are the quest for both greater efficiencies and more effective use of tax revenues. According to Rosenau (1999), public-private partnerships allow each side to use the other's strengths and to avoid the other's weaknesses. The goal of such partnerships is mainly to create synergies and sustainability in large investment projects; a public-private partnership may reduce costs because its cooperative efforts are more efficient than if each firm or public body is working alone trying to build up and control their own resources.

It is essential that public-private partnerships are fair and provide democratic access so that all citizens' rights are respected (Rosenau, 1999). In addition, as Rosenau points out, long term-relations and contracts decrease the need for private firms to maintain the short-term profit motive and they can then concentrate their efforts on developing long-term relationship which may lead to a lower tension between the

public and the private sector. In fact, it means that the public sector must make sure that the owners of private companies can trust the contracts and payments in a long-term relationship. Therefore, to reduce the higher costs that companies have with short-term relationships, companies must make major marketing efforts of the kind not needed with long-term relationships. The private sector benefits from public-private partnerships through the stability of their long-term financing (Rosenau, 1999).

Additionally, large public contracts assure cash flow for sub-contractors and SMEs over a long period. Private companies in such partnerships do not need to spend time and effort searching for short-term gains and consequently the risks that come with economic cycles are reduced. All contracts in public-private partnerships should be open and transparent so that each side knows its responsibilities and taxpayers can see how their money is spent.

Economic theory studies have looked at public-private partnerships, based on contract management (contract theory). The first theoretical study on public-private partnerships addressed how these partnerships differ from traditional procurement and management of services based on the investments and joint ventures (Hart, 2003). According to Hart, investments can be desirable or undesirable according to their effect on risk, costs and quality. Hart developed a theoretical model that tries to link investments with outcomes, thereby showing when public-private partnerships are more advantageous than traditional procurement systems.

Hart (2003) discusses the moral dilemmas related to ownership and control and concludes they are the same in the private and the public sectors. Thus, it is important that contracts are complete. Problems about decisions and responsibilities may occur with incomplete contracts, in which one party is at a disadvantage. This can occur with the privatization of public services, and if it does, it must not penalize taxpayers. Proper and comprehensive contracts should state quality requirements, payment terms, etc.

A public-private partnership, according to Hart (2003), can use a model that takes into account the fact that it is easier to write contracts for large construction projects than for small, short-term projects. Large public projects are also easier in terms of financing than smaller projects, not least because of the public sector's power to levy taxes on citizens. This is an advantage for cooperation when the public sector is responsible for project financing and stability.

International public-private partnerships have become global phenomena that create some uncertainties about how they are interpreted

and evaluated in different countries as far as their business experience and culture. In an in-depth review of the effectiveness of such partnerships, Hodge and Greve (2007) found that the results of long-term contracts related to infrastructure were mixed in terms of effectiveness and cost reduction. They also found that global social partnerships, such as projects for combating social exclusion and enhancing community development, due to a European Union policy, required effective maintenance control by the contracting partners. Economic partnerships such as infrastructural road or railway projects were other examples of such partnerships. This control must be exerted over processes and deliveries rather than by allowing projects to be drawn into efforts to win votes for political ambitions.

Because the developmental possibilities for public-private partnerships are global, we need a better understanding of the corresponding complex situations and rules they may create. Future partnership developments will also depend on how individuals address common interests and complex problems that must be solved together. This requires the development of human relationships and the creation of meaning in the context of communities (Brinkerhoff, 2004). Actors within both the public and the private sectors that are interested in large and costly projects need to understand how risk is allocated and how costs and benefits are handled. Otherwise, they will not be able to manage the project and achieve the intended goals (Iossa and Martimort, 2012).

When analyzing costs in public-private partnership projects, an essential link between project structures and uncertainties must be made. An analysis of the costs and benefits of project planning and implementation can show how project design and operational expenses create different scenarios. These scenarios can reveal asymmetric information, moral dilemmas and problems with negotiations and management (Iossa and Martimort, 2012). It can be an advantage when a public-private partnership project is only financed by a private investment, but then the lenders must have sufficient knowledge and understanding of all the risks involved.

Studies of new product development and process innovation in companies describe cooperation between public research institutions and companies in France and Germany (Robin and Schubert, 2013). These studies show that one public-private partnership was successful regarding product development but had no effect on process innovation. The explanation was that the company provided no access to its processes. The fact that product innovation was higher in Germany than in France in the studies was linked to the cooperation between the companies and the research institutions. Changes in innovation support systems in Germany

and in France between 2004 and 2008 differed, which may also explain this result. Robin and Schubert (2013) argue against forcing public-private partnership to make unreasonable expenditures just because they cannot solve all kinds of private-sector innovation problems.

An effect of dual-sector cooperation is that a company with access to institutions and research teams has an entrance ticket to networks. It is important to be a network member, even when innovation is not ongoing, because opportunities may arise. Note that in this research only large companies were studied; no SME companies were included. Baarspul and Wilderom (2011), in a large literature review of studies on how individual employees in the public and private sector relate to their work, found no major organization behavioral differences between the sectors. The analysis dealt with such factors as reward systems, job satisfaction, safety, overall contentment, work motivation and opportunity, effective leadership and commitment to the organization. They found it was difficult to compare the two sectors because there are very few solid comparative empirical studies and because of the lack of knowledge on the sectors' differences. Of the 28 empirical studies reviewed, they found few differences between the sectors and no clear pattern that differentiated private-sector employees from public-sector employees. What they did see, though, was that public-sector employees have a higher degree of community involvement than private-sector employees. This finding is relevant for the creation of thriving public-private partnerships; extensive community involvement is thus not always a natural aspect or by-product of private-sector employment.

Kaiser and Kuhn (2012) studied the emergence of public-private partnerships between public research institutions and organizations and industry in Europe and in the United States. In particular, they examined examples of the long-term effects of public-private research partnerships in Denmark where joint innovation ventures had been created by the Danish government, dating from 1995. They found that the joint ventures produced patent applications over an average period of three years. The effect on the current employees was observed only after a year; they found no statistically significant results on increased value or increased productivity by the employees. Their results also show that the companies which had patent applications prior to joining the program were the most successful in the program. Finally, their results show that large companies are over-represented in government support programs, which may raise questions about the effectiveness of these support programs.



### **2.3.2 Public-private partnerships in practice**

Public-private partnerships are known as legally binding contractual arrangements in which access to resources is regulated and the delivery of services is divided. Typically, the private sector handles the commercial matters. Several examples are major logistics matters in infrastructure investments, such as roads, electricity, healthcare and the like. This means there are both risks and opportunities in these projects when private investors participate in public projects. With respect to the public sector, these partnerships provide benefits to taxpayers in the form of infrastructural improvements, with reduced public risk and improved service delivery to citizens. Moreover, capital flows more rapidly and resources may be used more efficiently. Trafford and Proctor (2006) show that the success factors such as bargain power and access to more resources for joint ventures are well developed in public-private partnerships. They found five main and important joint venture characteristics: good communications; openness, effective planning; ethical behavior; and proper direction. They identified these characteristics based on interviews and group discussions with managers at the commercial and public sector organizations they researched. Similar examples of large projects, executed by public-private partnerships in Australia, have dealt with healthcare, fiber optic cable development, transport and water supply. Ireland has produced good systems for local transportation, water supply, train travel, waste disposal and education from such partnerships. In Canada, in the Province of British Columbia, sports arenas, bridges and hospitals have been built in cooperation with private actors ([www.partnershipsbc.ca](http://www.partnershipsbc.ca)).

A viable public-private partnership must give private actors the chance to create innovative solutions in design, construction, service delivery and the use of other resources. A future possibility for public-private partnerships concerns the use of public agencies, private companies and non-for-profit organizations that, together, can develop local communities (Trafford and Proctor, 2006). Measurable results from ensuing projects are expected to provide the basis for how the payment after delivery takes place. The risks can be divided between the public and the private sectors, especially in long-term projects in which sub-contractors employ people and put effort into the on-going project, and the public body can trust that the contract will be fulfilled. Common methods can be developed and used in new projects so that actors within both sectors learn new things. Hence, at the local level, community investments can play a significant role in the development of the public and the private sectors.

### **2.3.3 Important municipal initiatives**

In Sweden, there are several examples of small municipal initiatives. Bengtsson (2013) studied the various reasons behind private investments in nine smaller Swedish municipalities. Among the reasons are: better schools; suitable meeting places for community associations; improved coordination of healthcare; and better access to companies. Bengtsson described examples of private investments in schools, sports arenas, culture centers, water, sewage, energy plants, construction (both residential and commercial) and transportation facilities.

In her research on these municipalities, Bengtsson (2013) found that such municipalities must expand gradually because of limited human and financial resources and because of the technical difficulties they encounter. Such limitations and difficulties mean most large projects must be completed in stages. She also found that smaller municipalities use cost-saving strategies, allowing them to use local labor, thereby reducing their operating, maintenance and procurement costs. Entrepreneurs are seen as important players or actors in the development of municipalities. The influence of “strong” individuals in local areas can be significant in developing new projects (see also Johannisson, 2000; 2005; Wigren, 2003). Family companies in particular are identified as possible important contributors to municipal development (Wenger, 1998).

According to Brorström (2010), so-called identity projects in municipalities (for buildings and events) require a period of time before their benefits are realized. To publicize such projects, municipalities create marketing slogans and brand names for their projects. These marketing tools promote trade and attract people to an area (e.g., new residents, visitors and even companies). New companies lead to other businesses and create job opportunities (Brorström, 2010; Kotler and Keller, 2006). The intention of municipal politicians is that such identity projects will alter or enhance the image of an area as well as increase the visibility and importance of current sites.

Brorström (2010) attributes the development and expansion of municipalities to the increased competition among small towns, municipalities and regions. The globalization trend also promotes this competition (Czarniawska, 2004). One problem, however, with municipal identity projects is their cost when they do not produce the intended results and do not show improvements as far as education, healthcare and social services (Van Marrewijk, 2005).

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Brorström (2010) developed a model that shows identity and growth orientation and how municipal or other public sector projects may differ, depending on the strength of the current identity or its potential growth range. Projects which are linked to high growth and high identity orientations can influence the development of a location or a region because they strengthen the identity of that location.

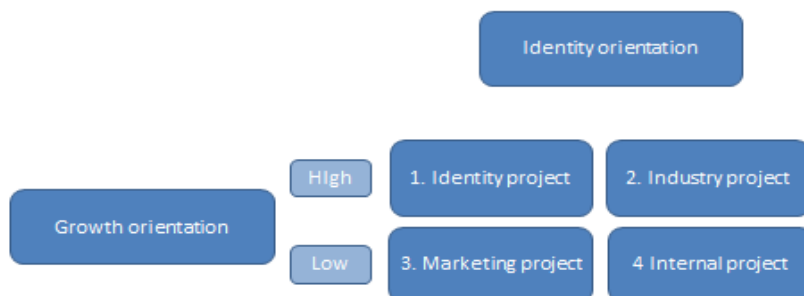


Figure 2 Possible municipal project growth and identity orientations (Brorström, 2010, p. 46)

In Brorström's (2010) model, the identity projects are labelled 1 in Figure 2. They are recognizable because they are visible and produce a physical change in a location. Such projects are intended to attract people and to create growth. Brorström uses the Concert Hall in Vara, Sweden, and the Watercolor Museum in Tjörn, Sweden, as examples. Another example is the Turning Torso (residential apartment tower) in Malmö, Sweden, which generated much media coverage and discussion. The projects labelled 2 are industrial projects that have a growth orientation but lack much identity linkage. These projects create jobs at a physical location, without an extensive marketing program and with no particular intent to create an identity for a community or a location. As such, industrial projects generally have a commercial orientation and can be combined in public-private partnerships where the local authority works on branding the location in harmony with the branding efforts of private companies for their products and their company reputation.

The marketing orientation projects are labelled 3. However, their importance as far as identity creation is somewhat vague. Although these projects create awareness of a location, it is not clear how much they really attract visitors. Brorström (2010) uses the example of a marketing project in Borås, Sweden, in which a nine-meter Pinocchio statue by the American artist, Jim Dine, was erected on a roundabout. The citizens were baffled as to the Pinocchio connection with the town because an Italian wrote the Pinocchio story that is set in Italy. Trademarks and slogans can

create an identity, but they require specific association with their locality if they are to have their intended effect. The projects labelled 4 lack the regional and/or municipal growth and identity orientation. They are described as internal projects. These projects, which are not readily visible and do not intend to attract people to a location, have another purpose. Typically, these projects intend a kind of organizational change.

Brorström (2010) also described projects in the Swedish communities of Tanum, Partille and Alingsås where the results have varied from successful to unsuccessful as far as development and growth in the local areas. She also listed the phases of identity project creation and achievement: vision; timing; concrete; fixed (no changes permitted); completion; continuation; and subsequent phase. Some projects have passed through all phases while others failed early because stakeholders did not see their benefit as the costs were difficult to calculate and/or because the ultimate value was uncertain.

Brorström (2010) explains how identity projects can create new municipal identities, symbols, growth and improved competitive positions as well as solve various local problems. Municipal politicians determine site locations and project aims when they approve buildings and events such as identity projects. Events, in particular, can establish municipal identity (Waite, 2003) because they can attract visitors.

With reference to meaning of identity projects, Brorström (2010) suggests that meaning is created after the projects are envisioned. Weick (1995) describes meaning creation as a multi-step process that explains and communicates the reasons for the projects, describes what will happen if projects are not accepted, deals with rumors and provides other information about the development and consequences if a project proceeds or does not proceed. The most important element of municipal meaning creation is identity, which is based on how we perceive others and ourselves (Brorström, 2010). Weick's (1995) meaning creation process was criticized because of its implication that a community of people is assumed to be completely understood; It cannot be assumed that people understand others' minds (Von Platen, 2006). A viable company tends to view meaning-creation processes as reflections of its core values that justify or explain its activities (Enquist, Johnson and Nilsson, 2013).

## **2.4 Relational RBT as a framework for actors in informal public-private collaboration**

It is important to mention in this first part of the thesis that especially the “basic” Relational RBT will be used as a theoretical lens. The idea of collaboration is of importance when wanting to understand the connection between Relational RBT and the informal public-private partnership idea. RBT is also linked to the development of strategic collaboration. In order to understand why and how collaboration is developed between companies and other types of local organizations, we need to focus on various aspects: the rationale for the collaboration; their formation; and their performance (Das and Teng, 2000).

Collaboration may take various forms: joint ventures; franchising; long-term marketing and licensing contracts; reciprocal trade agreements; R&D partnerships and different affiliations in research consortia and large, bilateral constellations. The key factor in all such collaboration is that the parties develop the collaboration together and agree on how resources will be used, how surpluses will be managed and how waste will be avoided (Das and Teng, 2000). The parties in successful collaboration share their resources in a way that strengthens each party and avoids conflicts.

The RBT and VRIO framework support our understanding of how companies develop superior competitive advantages that are measured by economic rents. The internal conditions can thus be seen in relation to the external conditions created by environmental demands and developments. Another dimension for understanding companies’ possibilities to create sustainable competitive advantage can be connected to extant non-commercial conditions. The focus of this thesis is on non-urban areas in which actors from the public and private sectors and the not-for-profit sector interact and join forces. Non-urban areas have challenges such as population movement, aging populations, new arrivals, and an industry in need of development in order to meet future demands and global competition.

Relational RBT may bring resources together that are not accessible to solitary companies. In collaboration, companies can control and use the pooled resources (Lavie, 2006). However, when many local parties cooperate, a single firm does not own and/or control resources individually. Such cooperation is typically developed in complex informal and/or formal ways that permit access to or sharing of valuable resources. Since Relational RBT addresses interfirm relationships, its findings and

concepts can be understood when actors from the public sector and from the private sector join together as collaboration.

Firms can access and exploit new resources using formal or informal agreements which may benefit their performance. RBT can be used in concert with public-private partnership theorizing where relationships and collaboration are seen to be created to manage risks, activities and sustainable conditions for both companies and public institutions (Das and Teng, 2000). Lavie (2006) opens up the discussion of how to integrate and extend the relational view with social network theories by reformulating the RBV that includes network resources. The opportunity to use all the possible network resources in a firm's collaboration can provide strategic opportunities, affects firm behavior and may create value for the firms (Lavie, 2006). Interfirm collaboration is defined as a voluntary arrangement among firms that cooperate around production, services or technologies where resources are exchanged or shared (Gulati, 1998).

Das and Teng (2000) and Eisenhardt and Schoonhoven (1996) show in their studies how the basic RBT view (where internal resources must be controlled or owned by a firm) can be used when discussing the rationale of collaboration formation to develop governance structures and to achieve performance. Some studies suggest that the resources of collaboration partners influence the competitive advantage of the interconnected firms (Lavie, 2006). In that perspective, one might use Relational RBT for collaboration between public and private organizations even though the RBT normally relates to the internal resources within one firm. The common resource base can be used without emphasizing the issue of governmental influence where tax reductions are making interruption in the market economy.

The relational view complements the RBV by arguing that critical resources can span firm boundaries. Ricardian rents and the so-called quasi-rents\* are not the only things generated; relational rents are also jointly generated (from the collaboration) (Dyer and Singh, 1998; Lavie, 2006). The collaboration can be viewed from the firmness of the ties between the participants, such as direct ties, indirect ties or structural holes in innovation output (Ahuja, 2000). The social network benefits from the functionality of collaboration, especially where common benefits are generated that cannot be developed individually (Lavie, 2006).

\*Quasi-rents are temporary phenomena, gained from short-term resources such as patents and other legal protections or barriers to competitors.

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

The imperfect mobility condition is also relevant for interconnected firms. A collaboration can mobilize resources that would be immobile for a single firm. The power of the collaboration is evident in situations where a resource is immobile, and the benefits associated with an immobile resource can be transferred to weaken the imperfect mobility conditions (Lavie, 2006). Such collaboration partners can create a relational rent, but the partner with the strongest bargaining power will appropriate most of this rent (Lavie, 2006).

Companies that are physically established in non-urban areas tend to have an agricultural and industrial base. As global competition increases, public-private partnerships may become increasingly attractive for such companies.

This is beneficial for people working at such companies because they require stability and the assurance that they will be able to settle in the area permanently.

Such collaboration can lead to more long-term investments, better logistics, improved infrastructure, and new opportunities for other businesses, and may aid the firms flourish. If (in)formal private-public collaboration are effective, companies and other partners are strengthened. RBT can be used to understand superior usage and access of given resources in companies. When public authorities mobilize their resources with local businesses they can use this information to overcome regional or non-urban difficulties and challenges. The public-private partnerships have succeeded in playing a role as a joint platform for collaboration. Companies, municipalities and regional actors work together to coordinate and combine resources for sustainable solutions to problems for all parties, including their non-urban citizens.

*Summary of Relational RBT with public-private partnerships*  
Interfirm collaboration provides partners with opportunities to access resource benefits. They do not need to own or control all the resources. They can develop proprietary resources whereby causal ambiguity and social complexity in the collaboration can be used as competitive advantages. That can be done by using all of the partner's different kinds of resources together. The firms/actors can internalize the resources into the firm through proactive learning. The rationale for collaboration is the value-creation potential when organizations' resources are used jointly. Imperfect mobility, imitability and substitutability support value-creation in the collaboration. Performance may improve for all collaboration members (Das and Teng, 2000). Public-private collaboration can connect with local authorities, local business sectors and actors from the not-for-profit hybrid sector as they make joint, long-term investments and enter

into other problem-solving projects. The VRIO framework can be used to identify resources in firms that contribute to such public-private collaboration and thereby increase the possibility of developing sustainable, long-term relationships in joint investments.

Long-term relationships with municipalities, in which informal, cooperative partnerships that cross the borders of the private sector are created, can increase private companies' resources or overall value as they make additional investments in personnel and equipment, resolve liquidity problems or share risks.

One has to ensure that all those involved in a development process regarding future plans for a location, use the same concept. It might concern different interpretations of a specific name for an area or region in relation to the regulated geographical aspects a municipality is responsible for. The combination of resources needed for finding and developing location-type factors that are strategic resources for non-urban firms (such as in joint activities) can lead to co-produced, sustainable competitive advantages, not only for single companies but also for the regional community. The linkages between the development of a region and that of the different companies can be understood as joint cooperation among local actors. Together, the public and private actors can use Relational RBT. This joint use, which can be developed in public-private sector cooperation across the sectors, can help identify which additional resources and new combinations of prospective resources are needed to help a region, and especially first its companies, flourish.

## **2.5 "Business in Motion"**

The model "Business in Motion" was developed to show the interaction between actors *within* the firm; in it the importance of cooperation and interaction among people, capital and products can be explained using the so-called Triangular model for product (object), capital (finance) and people (subject). Studies that focus on RBT often identify human resources and skills as the most important resources (Locket, 2005; Penrose, 1959). Indeed, these types of resources are the basis for how a company operates and meets with external actors. Companies that are connected in a region can be linked to a municipality, where laws control how the municipality is governed and they specify their obligations to society. Studies of movement of those actors in a location may increase our understanding of how actors in the private and public sectors can work well together.



## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

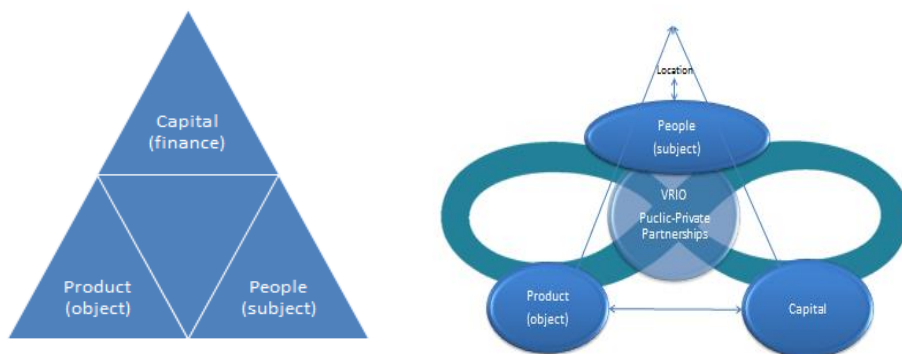


Figure 3 Three components of a company: The triangle model (after Jansson, 2012: 55) and “Business in Motion” model

“The triangle model helps us broaden our view of companies. Rather than simply relying on numbers, the model gives us the possibility to examine people, capital and objects (products) in companies” (Jansson, 2008: 121, translated from Swedish). Jansson (2008; 2012) claims that the triangle model, with its three components, gives researchers the freedom to identify what is important at any given company. “Capital” provides an overview of the company’s finances that may be represented by various ratios that are often used in business analyses. “Product” can be a physical product, a service, or a hybrid of the two. “People”, refers to the workforce and their skills.

Actors can be presented by their number and position, their work locations and their output (Polesie, 1991; Polesie and Prodayko, 2009). Company location is one of the basic conditions needed to develop resources in an area (Barney, 1991). Networks are other extremely important resources, especially pertaining to customer relationships (Dreyer, Isaksen and Grønhaug, 2004). Location, which connects the resources in the inimitability part of the VRIO framework, is a factor that acts with other resources in the triangle. In this perspective, valuable people are loyal and immobile, product innovations and manufacturing processes are rare, and the company organization is influenced by the owner-manager’s skills in combination with the resources. For any business in this ongoing circular process (where capital, product and people interact at a specific location), there is much complexity. This is especially true in formal and informal networks among local people and businesses where the human factor is crucial. Buildings and other physical identity projects may remain, but people come and go and companies change, end and/or relocate. Company projects may not match well with long-term reforms

planned by the government, because they tend to grow and develop over time. Several elements are necessary when shaping a location's identity. Because people do live and work in a particular location, people may become embroiled in its identity. Then they may be loyal to the location. This tends to result in the immobility of company and public- and not-for-profit sector employees.

Relational RBT shows how companies and governmental entities can combine their valuable resources in joint efforts that create conditions for sustainable, long-term competitive advantage, leading to profitability and development. People from the local area create a business culture or spirit together. However, outsiders must also be considered when addressing development (Kunda, 2009). A company must understand its internal environment that consists of capital, products and people. The change, over time, is an on-going process involving different companies and transient people (Glete, 1994). This is especially important in an increasingly changing world where it is becoming essential that not only internal but also all possible external resources are organized well. A firm's ability to provide a competitive advantage is crucial: by creating valuable resources at both the individual and the various (inter-)organizational levels (Wiggins and Ruefli, 2002).

Companies can create competitive advantage by joining with governmental entities in projects that increase their profitability as well as provide social benefits. "Business in Motion" adds the company factors "time" and "location" to the factors "people", "capital" and "products". If buildings are not used, they serve no purpose and probably should be renovated or torn down. The circles of time move constantly for companies, regardless of owner or internal, external or joined activities. Similarities and differences among companies can be identified, and the sum of resource exploitation can be used to understand how collaboration develops or provides access to more resources versus solo development (Lavie, 2006). Chapter 3 describes how the empirical data were collected for this thesis. The chapters after that present an analysis of and reflection on the data and the relevant theorizing in the above.

### **3. RESEARCH CONTEXT, APPROACH AND METHODS**

The results in the thesis were derived from the use of Participatory Action Research (P.A.R) whereby the empirical data was collected from two interventions. Several studies of RBT have highlighted the importance of qualitative studies when business resources are difficult to analyze because of the quantitative complexity. Armstrong and Shimizu (2007) argue that this difficulty can be reduced by conducting field interviews or by making close observations of real life activities in addition to using data from trade journals and ideas from other experts. Those studies show it is possible to use quantitative measures within a qualitative approach while examining the effects of intangible resource aspects, like knowledge complexity, tacitness and the persistence of a firm's performance advantage. Since external business environments change rapidly, the use of a qualitative, intervention approach together with RBT insights is fairly new in the area of business administration (Armstrong and Shimizu, 2007).

The data for this thesis was collected using observational methods, numerous site visits, document analysis, and 27 interviews with various public and private sector actors in two European (non-Swedish) countries and in the Töreboda region of Sweden. Participatory action research is an approach in which problems, concerns and questions related to organizations or communities are addressed through hands-on relational co-production. Lyon, Lumpkin and Dess (2000) describe research methods that can be used with different data sources for studies of entrepreneurship and small businesses. Many participatory action research projects have the following in common: a collective commitment to investigate a problem; the creation of collaboration between researchers and participants; a desire to investigate and clarify the issue collectively; and a wish to make joint decisions that require individual or collective follow-up actions (McIntyre, 2008).

The P.A.R interventions in this thesis demonstrate the use of the so-called reflective ADR methodology (Ewards and Bruce, 2002; Sein, Henfridsson, Sandeep, Rossi and Lindgren, 2011). The four steps of ADR methodology are:

- Problem formulation
- Building, intervention and evaluation
- Reflection and learning
- Formalization of learning

First, a plan is produced. Then the intervention is conducted, followed by reflections and formalization of learning. Davison, Martinsons and Kock

(2004) discuss a similar model of action research, called the principle of the cyclical process model (CPM). This model starts with action planning, intervention, evaluation, reflection (after either exit or entrance), and continues to diagnosis and action planning. The researcher and client agree on how this process will be conducted.

To initiate this research, I made an agreement with the local politicians and municipality director regarding the planning and conduct of two workshops. The problem formulation was created after reflecting on the author's licentiate thesis (Svensson, 2012). The building, intervention and evaluation phases occurred in the preparation of and during Workshop I and Workshop II. There was time during these two workshops for evaluation, reflection and learning. The common learning experience from the interventions in Workshop I, which involved group activities developed by the actors in the Töreboda business and municipality environment, was presented in Workshop II.

The formalization of learning involved documenting the workshop process and results such that they could be repeated. The group reflections from Workshop I produced suggestions for scenarios for the future in which cooperation between the public and the private sectors was discussed. The advantage of the P.A.R is that the typical process losses of large group sessions can be significantly reduced by making certain that all actors are engaged and have the space, time and possibility to contribute to the process (see, e.g., Lee, Hillegersberg and Kumar, 2015). Chiasson, Germonprez and Mahtiassen (2008) explain that action research is one way to conduct field studies and suggest that such research develops a pluralist approach when several methods are used, facilitating the production of both theoretical and practical knowledge.

### **3.1 Action Research**

The two intervention workshops were essential elements of the research and complemented other research methods (i.e., interviews, archival data analysis and site visits). The participants at the workshops (politicians, other public officials, business leaders and business representatives) could engage in dynamic and interactive discussions. According to Lewin (1946), interaction of this kind is beneficial throughout the research period because it allows “real time” testing of ideas and proposals. Actions can be taken that help the participants at the specific location create future possibilities together.

The two workshops for this thesis were structured as follows: Workshop I had 18 participants representing the university, companies, local business organizations, and the municipality (civil servants and politicians). Workshop II had the same participants as Workshop I plus members of the municipality council.

### **3.1.1 Workshop I**

*Planning:* The author discussed the themes related to the purpose of Workshop I Exercise in advance: with representatives from the three sectors. The focus of Workshop I was phrased as follows: “Töreboda in about 20 years - a future scenario”. Taking the community values into account (Vargo, Maglio and Akaka, 2008), a strategic goal was to increase the citizens’ and socio-economic stakeholders’ awareness of the value of scenario-based, long-term regional strategies and priorities (Shaw, 2012). In other words, public mobilization was needed for sustainable collective action in order to create a shared purpose regarding the community’s future as far as the evolution of its socio-economic norms (Ostrom, 2014). The expectation was that this action would integrate cultural, social, economic and environmental elements (Gibson, 2006).

The intention of such decision-making and its associated strategic aspects (Baas and Boons, 2004) at the regional level is to ensure the consistency/unification of the actions in a developmental plan. The aim is to present the long-term, scenario-based decisions as a commonly understood scheme for the community’s future. In a way, Workshop I became a voluntary or informal exercise in co-shaping spatial developmental plans relating to future regional issues such as demographic change (aging population, immigration), climate changes, the evolution of the labor market and, last but not least, the increase in cultural diversity.

*The Workshop Exercise:* The author, identified as the “process leader,” led the exercise. The 18 participants worked first silently and did not confer with each other. Since the exercise gives all participants time to reflect, it was important that they avoided talking during this phase of the exercise. All participants received at least five post-it notes to write their ideas on. The participants were asked to only write one idea per post-it note and to write clearly so that the ideas could be assembled later. After the participants wrote their ideas on the notes they placed them (face down) on the front desk. The process leader (I) placed the notes on a board at the front of the room. I assembled the notes in clusters, based on the similarity of the ideas.

An important feature of this Workshop Exercise was that the participants could write freely and independently (elsewhere it is called a so-called Brainwrite). Next, after the participants had read the ideas posted on the board without discussion the participants had to “vote” on newly distributed post-it-notes on the ideas they thought best and most important. A maximum of three sticky notes could be used per idea. Then the participants viewed and pondered on the results of the voting. The process leader’s role at this point was to ensure that the participants could study the ideas quietly and thoughtfully, without discussion or interruption. After the voting, the participants could talk and compare ideas among themselves in small groups about the ideas and their votes. The ideas were then arranged (top to bottom) according to the number of votes each idea received. Ideas with no votes were removed. The process leader read the “winning” ideas aloud based on the number of votes received. A research assistant helped the process leader with the mechanics of note distribution, collection, etc. The results of the Workshop Exercise were used in the next step where the participants discussed the three winning ideas. The participants thought three areas (housing, transportation/communication and education) were the most important for the future of Töreboda. The process leader (I) prepared a homework assignment based on these three areas. This assignment formed the basis of Workshop II that took place two months after Workshop I. The author (I) designed both Workshop I and Workshop II.

### **3.1.2 Workshop II**

Subgroups were constructed randomly from participants seated at the tables at the end of Workshop I. The subgroups decided themselves how and when they would meet to discuss these questions before Workshop II. All groups worked independently during the period between the workshops; they all managed to meet at least once for small-group discussions. The participants received the following five questions to guide and structure their homework preparations for Workshop II:

- What must be solved?
- Which resources are needed?
- Who owns the issue?
- When can it be ready?
- How has Töreboda developed based on the results from Workshop I and II?

### *Workshop II*

During Workshop II, each subgroup presented the results of its discussion, structured around the five questions. Based on the subgroups' presentations and the Workshop I discussion, three possible scenarios were presented for Töreboda's future by the year 2030 (see, Appendix IV). These scenarios represent the participants' possible visions of the future of Töreboda with the involvement of public and private actors: (1) making only small investments; (2) maintaining the current investment level; and (3) making much larger investments. Professor Emeritus, Thomas Polesie, from the Department of Business Administration, University of Gothenburg, participated in these discussions. After the three scenarios were presented, the process leader summarized the work of the workshops. In this way, the Workshop Exercise strengthened the cohesion of the group as they exchanged ideas and gave input on their understanding of the development of future scenarios and what resources, both internal and external ones, are needed.

Workshop II concluded with a discussion with the community's politicians and the participants from Workshop I that had prepared answers from the subgroups activities.

Subsequent to both workshops, 13 interviews were conducted with different stakeholders, in order to show how the workshop discussions and joint ideas actually developed following the interventions. Relevant follow-up discussions were held with previously interviewed persons. Additional literature was read and summarized. A Historical Review Group was assembled for the following purposes: to read the Workshop summaries and to comment on the other descriptions of the workshops. Four follow-up discussions were held with the chair of The Swedish Federation of Business Owners in Töreboda and with the active community leader over the entire research period. These discussions dealt with how companies and a municipality can cooperate in public-private collaboration so that new joint projects can be most effective and efficient. Three years after the successful interventions, in which the public and private actors participated, some follow up was conducted via email and phone calls with Lena Tilstam, Kerstin Söderberg and Bengt Sjöberg. Seven proposed ideas were followed up to identify the impact the intervention had had and how newly emerged issues had been solved. This additional data collection was also useful for gaining a better understanding of which actions were prioritized by different actors and which results had been achieved through this informal, workshops-based cooperation between the public and private sectors (see, Table 3.1).

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Results of Workshop I and II 2016 category	Initiated	Suggested	Actions taken	Pending actions
Festival			A new stage for DJs is developed	Will be viewed every three years: next time in 2018
Company hotel			6 fully equipped hotel rooms are available today in the Gjutaren premises	More rooms have to be developed in the hotel, in collaboration with public and private actors, with the aim of developing a visitor center
Apartments	Plans for more apartments and buildings		16 new apartments and buildings: in the center of Töreboda	

Table 3.1 Tangible results attributable to the two public-private workshops: Three years after this intervention took place

### 3.2 Sampling of region and companies - Two-stage sampling

In the two-stage sampling process, I chose the region first and then the companies and other organizations in that region. As well as the Töreboda context in Sweden, the thesis offers some insights about two other similar regions: the region of Milan, Italy, and the region of Provence, France. These two non-Swedish areas (see, Appendix V) have similar challenges, certainly as far as the EU agriculture is concerned. The Common Agriculture Policy (CAP) regulates the entire internal market and sales in the European Union. Many other European non-urban areas could have been compared. I used the following criteria to select the two additional non-urban locations:

- An agricultural history
- Industry types that have emerged from agricultural traditions
- Abundance of nature resources and beauty

All three regions have similar conditions for SMEs that have developed around the production of agriculturally related products. Specifically, Töreboda and the two non-Swedish cities are Bergamo, Italy, and Aix-en-Provence, France. Bergamo has a farming industry that has led



to well-known brands in wine, ham and cheese. Aix-en-Provence has a farming industry that specializes in lavender crops that have led to the production of soaps, lotions and perfumes.

Töreboda and the neighbouring Skaraborg municipalities have rape seed farms (producing fields of yellow flowers which produce in turn seeds that are pressed for oil that is also called colza), pig, cattle and chicken farms as well as farms that produce grain and other crops.

In addition, the three regions produce metal for tools and instruments for agricultural purposes. This metal production also involves sub-contracting in welding and/or assembling for larger companies, black marble mining, grain, lavender, rape seed and food production as well as rural tourism. Because of their regional similarities, it is possible to make some initial comparisons and generalizations.

The non-Swedish examples may illustrate how many non-urban areas share the same background, problems and challenges. Töreboda is presented in greatest detail in this thesis. The other two regions, which are presented in much lesser detail, nevertheless illustrate that similar non-urban challenges are found in all three (and probably more) European Union countries. Three key Töreboda companies are presented in this thesis. Each company is a good example of a viable industry, is locally owned, works with the public sector to develop the local region, produces products and develops modern manufacturing processes that are sold competitively in Sweden, in other European countries and the world.

Daloc Ltd. manufactures safety doors, Westerstrand Urfabrik Ltd. produces time displays and clock systems, and Hermanders Ltd. makes and sells electrical products. These three companies vary in size: between 30 and 450 employees. Their owners are deeply involved in the development of their companies as well as the local community. Other Töreboda companies are described more generally in the thesis. Some are members of the local business network organization called the KRAFT Group. This group consists of the largest manufacturers in the municipality of Töreboda or in the neighboring municipality, Gullspång. This third-sector (not-for-profit) association includes several companies as members which are owned by larger corporations.

The industry in this region is of interest for several reasons. It is a post-World War II industry in which families have made major local investments. They are key players on the European and international markets while still privately owning their companies. Analysis of these owner-managed companies, which have entered into public-private collaboration, will help us understand the interaction better between the municipality and the business community in a particular location.

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

In 2012, in the third and fourth quarters, I made site visits to Bergamo, Italy, and Aix-en-Provence, France. I contacted the not-for-profit organization JEUNE (Young Entrepreneurs of the European Union where I had previously been a board member) in Bergamo, Italy. Using these contacts, I visited the business development organization called Confartigianato Imprese in Bergamo. This Italian organization arranged trips and interviews with the owner and CEO of Safara Soft, a local dairy that specializes in ice cream production on its own premises. The factory and the sales shop were visited. In Aix-en-Provence, France, the Chamber of Commerce in Marseille provided some contacts and tips about locations to visit where local products are profiled and sold (e.g., lavender products).

In addition, a meeting in Aix-en-Provence with a start-up company from the south of England was arranged through previous contacts. Interviews were also conducted in Aix-en-Provence at a company that planned to begin its activity in Saint Tropez, France. The purpose of these visits was to study the companies' business conditions as well as their similarities with companies in the Töreboda region of Sweden. All three locations are characterized by the emigration of young people, the aging of their populations, their agricultural backgrounds, generational shifts in company ownership and the lack of new technologies, highly educated personnel and industrial growth.

Each location has important geographic implications for its business development and growth. The three locations' potential importance for their companies' competitive advantage is reflected in their geographic locations. The three municipalities are similar because of their good roads and proximity to urban areas. Such locations can be used as planning tools (Lynch, 1960; 1984) because of their clear geographical boundaries, defined land areas and various landmarks. This delineation facilitates physical inspections of the locations. In Töreboda, for instance, the railway line and the Göta Canal are important logistical assets for the transportation of people and products.

In 2012, the organizations and companies were selected for this research for the following reason. The intent of the author's licentiate thesis research was to study owner-managed SMEs rather than large and publicly owned companies. Existing business networks in the area of Skaraborg, in the northern part of West Sweden, were used for the selection of companies and organizations. The Swedish companies used in the research had to be based in the Töreboda region because that was the geographic area being studied, where the actions in the region influence the regional development. The industrial development of this municipality has been strong over the years. Today the municipality has more industrial

workers than the national average in Sweden but the post-war industry is under global competition pressure and needs to be developed with services, even more high tech solutions for manufacturing and fast logistics to transport the goods along long distance routes

In 2013, I conducted interviews at the three studied Swedish companies for this thesis: Hermanders Ltd., Westerstrand Urfabrik Ltd. and Daloc Ltd. I also interviewed the chairperson of the local business organization, The Swedish Federation of Business Owners in Töreboda. Its members are mainly smaller manufacturing and service companies. Also, the interviewed representatives of the KRAFT Group and of The Swedish Federation of Business Owners in Töreboda, participated in Workshop I and Workshop II and in the so-called Historical Review Group for this thesis.

In 2013-2016, my literature review emphasized books and articles related to the construction of the research question, the location concept, RBT and public-private partnerships. There is also a significant body of literature on the Töreboda community that discusses its history and development over the years. I refer to that literature in the following chapters.

The results of this research emerged in interviews with company leaders, owners and managers and in interviews with influential representatives of various community activities and entities. They helped me identify and understand the important resources used in non-urban or regional public-private collaboration. Triangulated research uses several data sources in order to ensure different angles and perspectives on the key research question. Thus, this study uses a variety of research methods.

At the firm level, three longitudinal case studies are reported (see, Chapter 4). Moreover, this thesis uses historical analysis, interviews and site visits in addition to participant observations suitable for an intervention study. Goodfrey and Hill (1995) discuss how company descriptions, using RBT, can be complex and historic. Such descriptions give us a good understanding of the possibilities the companies have at hand to create sustainable competitive advantages. This research shows how cooperation with different actors in non-urban areas may play a role in the competitiveness of companies. The research of this thesis follows an abductive rationale path (Schwartz-Shea, 2012); it focuses not only on extant textual analogues but also on field interventions and related observations. The use of various research methods also includes observations and active contributions by me as the main researcher.

The action research part of this study was done in order to help revitalize or stimulate regional authorities in the future so that they can

strengthen their links with the private sector. Konsti-Laakso, Pihkala and Kraus (2012) discuss action research as a means to enhance innovation capability through various forms of business networking. Using RBT as an analytical framework, in concert with the theory of public-private partnerships, allows collaboration to take a central role in combining resources in non-urban regions. Companies can be studied over time (Patel and Davidsson, 2003). Longitudinal studies are recognized as appropriate ways to examine RBT. This permits a clearer understanding of the strategic resources used to create sustainability (Barney and Hesterly, 2006; 2008). Armstrong and Shimizu (2007) and Ketokivi and Choi (2014) argue for the importance of interviews and field studies as ways to collect empirical data in resource-based studies.

The intervention for this thesis was conducted in a small, Swedish, non-urban area sponsored by the local municipality Töreboda. Different applications of action research can include actors from the community, not-for-profit organizations and private companies (Dick, 2006). The politicians and other public officials who were interviewed both before and after the intervention participated in the two workshops with representatives from private companies and various community associations. The public officials were the Municipal Director and the business unit planner. The politicians on the City Council were from various parties, including the main opposition party.

The two foreign sites, Bergamo, Italy, and Aix-en-Provence, France were used to paint a picture of the challenges and opportunities for rural communities. Similar interviews (27 in total) were conducted with business representatives (at new and developing businesses) in these locations. These two non-Swedish research sites and the main Swedish site of Töreboda are similar in terms of their small pool of industries that have developed gradually.

A topic list was created before the interviews with the actors in the private sector in order to acquire data on the companies' founding and history, the owners' approach to development, the kind and location of company resources, and other important issues (see, Appendix VI). The topic list was designed based on the research question and on various previous models on company location and resources.

The on-site research in Töreboda consisted of the following: interviews with company representatives; company tours; Workshop I and Workshop II; and teamwork with assigned homework questions. Accordingly, the data for this thesis derives from three main sources: the companies; the not-for-profit organization; and the municipality. Specifically, the data is from company leaders' views of company

development and cooperation with the local authorities (interviews), and the companies' actions from their annual reports (10 years). This longitudinal data was useful for measuring and understanding the companies sustained performance at the firm level (see, also, Andersén, Jansson and Ljungqvist, 2015), and their use of resources (annual reports and interviews).

Thus, to ensure validity, a research approach with several triangulated data sources was used:

- Companies' annual reports were used to make ROA, ROE and solvency calculations; information on the companies and their history within the local community; literature searches in books and articles (approximately 355 pages)
- Workshop I and Workshop II and observations from this intervention (approximately 25 pages)
- Interviews with company leaders, association representatives, public officials and politicians (approximately 85 pages)

Table 3.2 presents the chronology of the data collection for this thesis. The columns describe the different data-collection methods and the interviewees in the phase of data collection (i.e., the data sources). First, during my study visit in Bergamo I conducted interviews with the company Safara Soft and a representative from Confartigianato Imprese (a not-for-profit business organization in Italy) (Steps 1-3). After that, I made a study visit to Aix-en-Provence where I conducted interviews with New Forest Investment and observed the lavender market (Steps 4-5). All interviews with company owners, politicians, municipality officers and not-for-profit representatives in Sweden took place during 2013-2016 (Steps 6-16). The Töreboda community was chosen for this doctoral thesis because of the author's previous research (the licentiate degree is explained in Chapter 1) that described the companies in the Skaraborg area, located in northern part of West Sweden (Svensson, 2012). My literature review of articles, books, annual reports, documents and websites about Töreboda was completed in Steps 17-19. The so-called Historical Review Group commented on the draft thesis. The five members of this group are; the municipal officer, inhabitants of Moholm (a small village near Töreboda), one politician, consultant and one representative from the local business organizations for SMEs.

After the Historical Review Group had reviewed the empirical data, they presented their feedback (Step 20). The task for this group of five local Swedish residents was to examine the thesis text on Töreboda as far as its relation to the collaboration between the local

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

business community and the municipality, with a particular focus on the companies in the three company case studies. Before that, the group and I had two meetings to discuss the text. Their contribution is reflected mainly in Chapter 4's description of the history of Töreboda and other stories about the region that show the past development of the companies and the municipalities.

In Steps 21-22, two workshops were conducted in Töreboda. Those workshops were used to examine future scenarios for the companies, the not-for-profit organizations and the central municipality in the region (see the full description in Section 3.2). The "Business in Motion" model was developed in the last two years (Step 23). Analyses and conclusions were made in Step 24.

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

	Q3-Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016				
Methods	July-August	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
1 Study visit Bergamo	X																		
2 Safara Soft	X																		
3 Confartigianato imprese	X																		
4 Study visit Aix en Provence	X																		
5 New Forests investments		X																	
6 Interviews																			
7 Dalac AB, Hermanders AB		X	X																
8 Westerstrand AB		X	X		X														X
9 T-boda, industrial/municipal developer			X																X
10 The Swedish federation of																			
11 Business owners Töreboda		X		X															
12 Töreboda, municipal director			X		X														
13 T-boda, councillor/vice councillor	X	X																	
14 Töreboda, municipal director																			
15 Töreboda Festival director						X													
16 KRAFT-group					X														
17 Literature review	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
18 Article search	X																		
19 Annual reports		X	X	X															
20 Historical Review group Töreboda					X	X													
21 Intervention Workshop I				X															
22 Intervention Workshop II																			
23 Model development						X										X	X		
24 Analyze, conclusion																			X

Table 3.2 Chronological overview of methods used and other efforts in this thesis research

### **3.2.3 Site visits, respondent control and case studies**

Site visits are another research method that can give the researcher greater understanding of the respondents' environments and activities. In such observations, more detailed information can also be acquired (Becker and Geer, 1957). Because the respondents in the previous licentiate thesis (Svensson, 2012) appreciated the opportunity to have "respondent control", I again used "respondent control" in this thesis. This procedure, which ensures that the interview transcripts are as accurate as possible, supports the internal validity of the data (Merriam, 1994).

Thus all the interviews, in transcribed form, were sent to the respondents so they could correct any errors. Essentially, respondents asked questions about how to calculate their ROA and ROE. The respondents also agreed on how their photographs should be displayed in this thesis. In some cases, they selected the photographs.

A *case study* presents the results of the researcher's exploration and description of the complexity and specific nature of a selected case (Stake, 1995). It differs from other research designs because it takes an ideographic approach when collecting data, which means it can display unique features of specific situations. As Yin (2003) comments, a case study allows us to visualize and understand complex social phenomena.

### **3.3 Semi-structured interviews in Töreboda**

I conducted 27 interviews of which 14 were recorded and transcribed. Site visits were made during the interviews to acquire more insight into the companies' production methods and activities. At times, company staff members were involved in the interview process (Hermanders Ltd. and Westerstrand Urfabrik Ltd). Follow-up questions were asked in 13 subsequent telephone interviews. The interview data were used to understand the forces driving the companies. Interviews are especially useful to learn about people's social values (Kvale, 1997).

Moreover, the use of several research methods may produce more nuanced perceptions of the social phenomena studied (Grönmo, 1982; 2006). The questions in the interviews were open, in a semi-structured form. As Whyte (1953) explains, questions asked in this form by the interviewer allow the respondents to answer freely and fully. Their responses can then be used in the researcher's analysis (Trost, 2010). The importance of the semi-structured interview as a research method is that



respondents have the opportunity to express their ideas without interruption. They have time to prepare their answers and to add details to their comments. Thus, the semi-structured interview puts the figures and facts of the focal points into a broader context.

### **3.4 Analytical procedures**

The historical firm data in this research consist of self-collected empirical materials. Analysis was made in several steps, as described next (see Hartman, 1998). Company value was calculated using financial key figures such as ROA (Return on Assets). ROA is a company's profitability measure of the use of resources. It is the most-used dependent variable in resource-based studies. ROE (Return on Equity) and Solvency were used to measure company development over time. R=Rare, I=Inimitability and O=Organization were used to evaluate company resources, based on interviews with company leaders, politicians and civil servants.

*Data collection:* Interviews, the workshops led by me, and site visits. This work resulted in approximately 355 transcribed pages of field notes (exclusive of the historical sources). This body of empirical data was reviewed many times and reduced to manageable proportions.

*Data organization:* Based on the research question, the empirical data were categorized, structured and read to identify the keywords and terms that were useful in the analysis.

*Coding:* The data were coded into categories based also on an additional, newly selected model ("Business in Motion") in order to understand the entire relationship better between firms with its internal resources and the local environment with both firms and municipality presented together for an overall understanding of mayor actors.

*Results:* The results were analyzed using the VRIO framework, the Relational RBT and the public-private partnership theory, with an analysis of the collaboration impact on companies' access to more resources. Jansson (2012) and Clegg (1989) developed part of this latter model that supports the presentation of the situation in a location where public-private collaboration meet to solve challenges at the meso-level. The meso-level network can be seen as a way of enlightening how populations can influence human development (Bronfenbrenner, 1979). The "Business in Motion" model was developed from ideas by Clegg (1989) on a current situation into a cycle model of change, combined with the triangle model (Jansson, 2012) where capital, subjects and objects are connecting parts in the model.

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

### *Summary of research methods*

In order to identify and describe the complex problems and opportunities of a non-urban Swedish community, concerned about its future development and growth, both traditional and interactive research methods were used. This was done to gain access to decision makers, to observe physical locations and operations, to understand company histories and to learn about public and private sector leaders' views, experiences, expectations and wishes. Two well-prepared workshops were held to engage civic and business leaders in a discussion of possible solutions to the various problems of the community related to business development and demographic changes. In Chapter 4 the Swedish context is reported in detail. Appendix V engages in some initial comparisons with similar European regions abroad.

## **4. KEY ACTORS IN TÖREBODA**

This descriptive chapter comprises of two sections; First, an analysis of the most important and related associations, groups and organizations in the Swedish municipality of Töreboda (in the region of West Sweden) is made. The second but main feature in this part is a presentation of public-private partnership discussions following two workshops; providing an overall view of the level of cooperation and the associated professional spirit in Töreboda. The results of the addressed scenarios, are summarized in Section 4.4. Here, the successful companies of the region are presented based on in-depth interviews; some of the other relevant companies are also referred to in terms of their involvement in the local business associations.

### **4.1 Töreboda – A municipality of woods and farmlands**

The limited geographical area, and outstanding possibility of access to local businesses and authority, made Töreboda a very suitable case for the primary study. The study examined especially the “immobility” factor. Can we create, with this factor, more competitive advantage to the companies, even in this rural area where employment, long distances to bigger cities and work areas, low income and education levels, after-war industrial development and a lack of higher-educational institutions are often big challenges. The shared agricultural “platform” can enable the local company owners and employers to interact.

Töreboda is located in West Sweden in the area previously known as the Skaraborg County (Skaraborg includes 15 municipalities between Lake Vänern and Lake Vättern). Some parts of Southwestern Sweden still pursue traditional agricultural practices which may clash with an industrial approach. The people in Småland (150 kilometers south from Töreboda) however, were forced to find other sources of income than farming since the land was not very good for growing crops. The business atmosphere of the region (including Töreboda) included only a few modern industries such as Food production and small-scale manufacturing (Johnson, 2008). Töreboda has an area of 540 square kilometers with an average of 17 residents per square kilometer. In December 2011, the population was 9483 people. Compared to the national average, the percentage of foreign-born residents is low: 8% in Töreboda vs. 15% in Sweden. In 2011, there were 66 births in Töreboda and 105 deaths. In terms of the net change in renovated apartment buildings, four apartments were added in that year.

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Furthermore, the educational level of the inhabitants in Töreboda for people aged 20-64 is in 2011 as follows:

	Töreboda	Sweden
Compulsory Education	19%	14%
High school	59%	47%
Higher education	21%	37%
Unknown	1%	2%

Despite both compulsory and high school education rates being higher than the average in Sweden, the higher-education rate in Töreboda was 16% lower than the national average which affected the employment rate. The widening gap has become more evident with the growth of industry which needs more educated personnel due to global competition.

Töreboda is a partly flourishing but delicate region, with a tradition of good access to work in industry. Töreboda's tax rate is slightly higher than the national average and the average income is much lower than the Swedish average. In 2012 the tax rate in Töreboda was 31.85% on an average tax base of 145,379 krona per resident. Non-working inhabitants (mostly retired) also became a burden for Töreboda; the national average in 2012 was a tax rate of 31.60 Swedish krona for every 100 Swedish krona earned on an average tax base of 176,054 krona per resident. The average income in Töreboda in 2010 was 226,000 krona, compared with the average income in the country of 265,000 krona. Employment percentages were the following. Women in manufacturing and mining: Töreboda 15%, Sweden 7%. Men in manufacturing and mining: Töreboda 42%, Sweden 20%. Women in healthcare: Töreboda 32%, Sweden 28%. Men in agriculture, forestry and fishing: Töreboda 12%, Sweden 3%. Overall, most men in Töreboda were employed in manufacturing (74% in assembly) and most of the women in healthcare. In 2010, 406 of the 540 company owners in Töreboda were men, according to community data ([www.scb.se](http://www.scb.se)).

In total, manufacturing and mining accounted for 30% of Töreboda's employment. The national figure was 14%. Agriculture, forestry and fishing accounted for 8% of Töreboda's employment. The national figure was 2%. The percentage of unemployed people in Töreboda in 2015 was 10.3%, the national figure was 7.8% ([www.ekonomifakta.se](http://www.ekonomifakta.se)). According to Rosengren (1983, 2010) there is a special deep sense of loyalty and local attachment among Töreboda inhabitants; eventually, the deep connections among them strengthen their ties to their employers and workplaces although it makes the newcomers feel a bit hesitant to join such a close-knit society.

When the railway was built in 1858, a suspension bridge was needed over the Göta Canal passing through Töreboda. At this time,

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Töreboda was mainly an agrarian society, especially known for its cream and cheese production. A skilled cheese maker at the main dairy produced the first hard cheese in Sweden. The original farm in Töreboda is now in the middle of an urban development: only the dairy house and farm remain.

The location-based advantages of Töreboda possibly played a role in the changes; Töreboda's train station lies on the Western Main Line [in Swedish: *Stambana*] which is the main line of the high-speed trains between Gothenburg and Stockholm. Töreboda is also near the University of Skövde (only 17 minutes by train) and 102 kilometers from the University of Örebro by means of an advanced logistics infrastructure. Töreboda has two publicly owned companies: Töreboda Bostäder (the municipal housing company) and VänerEnergi Ltd. (the latter is co-owned by the City of Mariestad, which is the majority shareholder). An important initiative in Töreboda is *Framtidsberedningen* [in English: Future preparation] which began just when the intervention of this thesis was being planned and conducted. The initiative was part of the political structure intended to deal with issues related to the municipality's future. All the political parties have a representative on this Future preparation council ([www.toreboda.se](http://www.toreboda.se)).



The municipal building in Töreboda

**Töreboda, from a market town to a regional society.** To approach the present life of a city analytically, it is vital to understand the origin and history of the area and examine the associated context. Töreboda, as a name, first appeared in the Swedish Earthbook of 1540; the name comes from “töre”, which means resinous pinewood, with the suffix “boda” meaning pasture (Rosengren, 1983). The primary commentaries about Töreboda are few and rather unappealing. Östman (1978, p. 1) and in a general description of Swedish geography, it mentioned that: “Töreboda is quite an ugly society in a very beautiful area” [translated]. Östman also

describes the “Törboiter” (the native inhabitants of Töreboda) as vivid. Törboiters originally came from Fredsberg when farmers, who needed more arable land, moved south to Borre, Hade and Tore (sometimes called Tyrgils) in order to build storage places for hay and wood needed in the winter months. The birch woodlands and meadows named Haddeboda, Borreboda and Töreboda developed from this migration (Henriksson and Johansson, 1973).

Before the founding of Töreboda, the first, small settlements were several days’ journey from the cities. Lundqvist (2008) describes the important local markets and trade in the years 1850-1900 in this area. The mail and purchased goods were delivered by stagecoach or by itinerant peddlers. The community of Sjuhäradsbygden, which was well known for its production of textiles, managed much of the textile trade but before the establishment of a company in 1864, farmers could only purchase these goods from the travelling peddlers. A generous credit system allowed farmers up to a year to pay for their purchases, resulting in many bankruptcies. Textiles and patterns spread from Sjuhäradsbygden to Norrbotten, passing through the area of Vadsbo. Stonework was an important activity in Vadsbo, probably because of the limestone quarries at Kinnekulle and the millstone production at Lugnås. Sales of rough, homespun cloth passed through Töreboda en route to Karlstad (as shown on a map of West Sweden’s markets). It may be assumed that these goods were delivered to parishes for usage in the farms (at the time, at Töreboda) because only one per cent of the peddlers’ destinations in Länghem consisted of visits too Northwest Götaland.

The first few decades of Töreboda’s existence were revolutionary in several ways; the Western Main Line crossed the Göta Canal in this remote farmland, hence a railway station and bridge were needed. Had it not been for these requirements, the municipality of Töreboda would never have been founded. Once the station and bridge were built in 1853, sub-urbanization began and the population was densely housed in apartment buildings that were erected along a few streets (Rosengren, 1983). Eventually, the municipality was populated by people from West Götaland as well as from parts of southern and central Sweden. The immigrant population grew rapidly and Töreboda became a significant agricultural center where farm products were grown, processed and sold. Industry did not develop largely in Töreboda until the 1900s (Rosengren, 1983) but some trade and craft related activities were evident. However, at the turn of the 19th century, Töreboda was described as *Lerboda* [in English: mud town], because the streets were so muddy when it rained or the snow melted.

**The Göta Canal and the Western Main Line.** Töreboda developed from isolated forests and farmland to a municipality, mostly under the influence of its ideal location where two very imperative communication routes met: The Göta Canal, which crossed the four areas that now make up Töreboda, and the Western Main Line. Construction of the Göta Canal began in 1810 in Forsvik, outside Karlsborg and in the neighboring community (Henriksson and Johansson, 1973). The workers were Swedish soldiers and a company of Russian prisoners of war. About 60,000 men were employed over the 23 years the canal was built. The Göta Canal opened in 1822.

The Russian prisoners had to find their own accommodation in Hajstorp and Lilla Lövsäng. About a dozen of them remained in Sweden and married Swedish women. Parish reports list the birth of thirty children with Russian fathers. However, the Göta Canal was of no particular benefit to Töreboda at the time because no canal staff was assigned to the area, there was no bridge for the trains, and boats had to be pulled by hand or horse. Today there is a ferry at Töreboda, called the Lina Ferry, which is Sweden's smallest ferry.

The Western Main Line between Gothenburg and Töreboda was inaugurated with great fanfare in 1859. The first buildings were erected in Töreboda soon afterwards and influential, educated and skilled people (e.g., merchants, traders and workers) from other countries visited and then moved to the area.

**A trade centre.** As the area developed, markets sprang up to sell products to visitors and travelers. Both men and women were involved in these activities. The municipality of Töreboda was formed in 1880. In 1883, the Swedish King recognized the municipality. Then the residents of Töreboda had to pay tax and fund their own expenditures. This was a particularly heavy burden for the residents of Töreboda because the municipality was still part of the Björkäng parish and had to pay taxes there too (Östman, 1978).

Töreboda transformed itself from rather a backwoods location to an official municipality in 1884 under the leadership of Ahlenius, a bank manager, Fredelius, a doctor, and Andersson, an engineer, Töreboda who applied to the Swedish King for market rights. However, the large community of Töreboda was only founded in 1971. This community includes the municipalities of Töreboda, Moholm, the Halna Association in the Undenäs parish and the Älgårås Association in the Hova parish (Östman, 1978).

**Industries.** The natural progression of Töreboda and the integration of well-trained workers with respect to the the development of

a national logistics network happened slower than expected; the railway between Stockholm and Gothenburg was the first to be inaugurated but the trains did not stop in Töreboda (Östman, 1978). As soon as work on the railway and the bridge was completed, most of the skilled workers left the area. The census of the time revealed the departure of engineers, merchants, artisans and others who had been employed in the building of the Göta Canal and the railway (Östman, 1978). Although Töreboda had factories by the late 1800s that made dyes, cigars and stoves, no other larger and more permanent industries were set up in Töreboda until the 1930s and 1940s (Rosengren, 1983). Töreboda was then described as an active industrial site (Henriksson and Johansson, 1973); the municipality established in early 70s an industry committee in order to attract various companies to the area. Töreboda Fastighet Ltd. (a municipal real estate company) built industrial properties that it leased to companies. After ten years, the companies could purchase these properties and then depreciate them over a number of years.

**Occupations and activities.** The railroad and the Göta Canal facilitated the food and farming industries in Töreboda such as cereals, cheese, eggs and butter, benefiting many areas – from markets in Mariestad to Stockholm, Gothenburg and towns in England (Rosenberg, 1983). Eventually, Töreboda became the main outlet location in the area, with many purchasers eager to buy the farmers' products. Just after Swedish market liberalization in 1864, many ambitious people began operating various crafts in Töreboda. In 1865 the *Kronofogden* [in English: bailiff - Financial Authority] listed a sheet metal worker, a tailor, a shoemaker, a wagon maker and a watchmaker (some of whom had employees) in Töreboda. The House Examination Records of 1889 described a significant difference between the Björkäng Parish (which was the original and natural gathering point before the existence of Töreboda) and the Töreboda Station. The county of Björkäng had mostly tenant farmers, soldiers and tailors. For a long time, the parishes paid the soldiers on behalf of the State, using the allotment system from the early 1800s: “a whole assessment tax for accommodation in Töreboda for No. 25 of the King's Royal Household Regiment, Vadsbo Company” [translated]. Finally, the mentioned system was abandoned in 1904 to the great relief of the farmers who had supported the royal armed forces.

**The area blooms.** Anders Sundler, a journalist who came to Töreboda from Liared, Sweden, in 1862 founded Töreboda's first newspaper (Henriksson and Johansson, 1973). Although the newspaper failed after a few years, Sundler wrote a book on Töreboda called *Spöket i Töreboda* [in English: The Ghost in Töreboda] describing the area as one



with three breweries that produced strong Bavarian beer and a factory that manufactured good quality cigars. Two other newspapers were then founded. In 1907 Sundler's original paper appeared again with news not only of Töreboda but also of other areas. However, the newspaper lasted only until 1915. In 1944, yet another newspaper appeared, but it also failed. Today there is a local newspaper published in Mariestad with a Töreboda page overseen by an editor who writes about life in Töreboda. A blogger, named Jimmy Bölja, writes about various events in Töreboda (Bölja, 2013). He gets to talk and get information whilst, among other things, he sings songs at the local pizzeria.

**The Skaraborg Bank.** In 1873, the residents of Töreboda sent a letter to the Director of the Skaraborg Bank asking for permission to manage their own finances to avoid the long distance to other cities (Henriksson and Johansson, 1973). They wanted a commissioner's office in Töreboda because it was difficult to deposit or withdraw money in distant cities. At the beginning, this office was open only two months per year and made no loans. In reality, the office was only a place to handle and exchange money. In 1899, the office began opening all day on workdays and until 13.00 on special market days, the bank is still operating. Business developed and the number of bigger industries increased. The main industries in Töreboda in 1973 were Limträ, Källbergs, Slätte Möbler, Westerstrand Urfabrik Ltd. and Västsvenska Lantmän.

**Inspiration.** In the 1970s, influenced by the municipality which provided loans and guarantees to private homebuilders, many small houses were built in Töreboda (Henriksson and Johansson, 1973); the square was paved with stone and a sculpture by Per Nilsson-Öst from Järvsö was placed at its center. The sculpture, which was cast in Switzerland, cost about 180,000 Swedish krona funded by donations. The sculpture features the locks on the Göta Canal and two men on horses, symbolizing the markets.

**Markets.** The local markets where farmers sold their goods, grains, animals and food were important to the founding of Töreboda and the area around it. The markets were first held in 1864 after moving from the smaller village of Brinsbacken (Östman, 1978). The horse and livestock markets were held at Börstorp's farm that was west of the square where the Municipal Building is today. The markets were held on the second Thursday of each month; bigger markets with farmers and merchants from the south of West Sweden were held three times a year in April, September and October. An unofficial market not noted on some calendars was called the *Lussemarken* [in English: The Saffron market]. "Going to market" is an expression still used today in the area around Vadsbo as well as in

Mariestad. An amusement park, built as a tourist attraction, had exciting swings. One feature of the park was a man with a letterbox, a parrot and a photographer. Travellers (gypsies) came to the market to plate copper pans and to tell fortunes by reading the horoscope and palms. The traders and the owners of the cafes, beer halls and tourist spots earned good money at the markets. Sometimes old women lit fires on the streets to make and sell coffee to visitors (Östman, 1978). On market days, the police managed any problems, most of which were fights after too much beer. The last market in Töreboda was held in 1961.

**Work life and leisure time.** Documents from the Nordic Museum and the Samdok Forum, 2010, report on the economic downturn in Töreboda in 2008-2009. Rosenberg (2010) followed-up the research published in 1983 (Rosenberg, 1983) on the theme of industrial work that supports the concept of the meaning of life in Töreboda. In this follow-up study, Rosenberg looked at the influence of the new economy and information on society. The choice of Töreboda as a research setting was based on the previous studies of the area; it remained, as a society, somewhat removed from urban areas. Rosenberg (2010) conducted interviews with managers, union representatives and workers at companies that had reduced their labor forces through automation and computerization of certain tasks. The result showed that that the companies' use of the principles of Lean Production during the last ten years led to faster delivery times in the factories. He found an awareness of a constant demand for flexibility within the Töreboda companies that survived the economic crises, resulting from price pressure, unfair competition, and the need to adapt more and more to customer requirements. In addition, the general downturn in 2008 in the economy had a negative effect. Some companies had to reduce production and lay off workers.

According to some perspectives, an industrial firm's location is not of importance for success these days since their products can be rapidly transported by trucks rather than by rail, as in former times. The associated assumption was that the relatively easy access to the production site would be an attraction for workers; nonetheless, it is difficult to attract highly skilled technicians and managers to settle in the Töreboda area. Rosenberg (2010) also determined that the part played by quality is mainly contextual in the sense of pride of the company's products. Ideally, work is about creative problem solving without severe controls. Many workers at the Töreboda factories like their work because it is relatively varied and involves problem solving and independent decision-making. Rosenberg also emphasized that the workers like to work with their hands and to be kept busy. They also value working with good colleagues, living close to

work and enjoying family life, free of work worries and responsibilities. This clear boundary between work and free time is extremely important to the people of Töreboda.

According to the further findings of Rosenberg (2010), the workers in Töreboda were mostly recruited through family and friend connections rather than through employment agencies; an individual who is looking for work in Töreboda will probably have a large network of contacts. Several Töreboda companies sell products in national and international markets. Yet growth in these markets is somewhat hindered by the difficulties in finding highly skilled employees who are willing to remain in the area. According to the Rosenberg's interviews, the companies offer few long-term career opportunities and the salaries are only comparable to the salaries of nurses with several years of experience. However, because of the relatively low cost of living in the area, people can live quite comfortably on these salaries, even without future career advancement possibilities.

#### **4.1.1 Municipality leadership**

Tommy Sandberg is originally from another area where he worked with business strategy for many years before he became the Municipal Manager in Töreboda. He is very engaged in his work and sees his work as something like a hockey game in which he is one of the players. He states:



”We must work together. We, from the public sector, must do much better in order to meet the needs from the private sector concerning future competences and skills.”

Tommy Sandberg, Municipal Manager (after July 2016 he changed to another Swedish Municipality as Director)

#### *Location: Töreboda*

One of Töreboda's strengths is its small size. According to Sandberg, this contributes to the closeness between people: “People know each other”. Another strength of the municipality is the strong association among people; it is simple to meet with others, companies and municipalities and

to engage in business life. The people in this society take care of one another by creating jobs and employment. Communications are good because the Western Main Line operates the fast trains and the regional trains through Töreboda.

Politicians and officials trust one another; they try to work closely in cooperation with companies in Töreboda, for instance, with short lines of communication, breakfast meetings with company owners and regular meetings with task forces and large companies. The KRAFT Group [in Swedish: *Kraftgruppen*] in Töreboda, a network of the largest manufacturers in the area, takes a genuine interest in the municipality. A good example of the cooperation is the municipality's strong support of research. Another example relates to the housing problem that the municipality is trying to solve. Sandberg announced: "We are going to open a refugee center in year 2013, which is a positive development for the community". Today this center is up and running and in the year 2015 Töreboda was ranked as municipality number 15 in Sweden due to the large number of incoming refugees, being 112, in comparison to the number of inhabitants, 9093 ([www.migrationsverket.se](http://www.migrationsverket.se)). Even though the fundamental economy is strong, a constant net emigration is a drain on finances. The municipality also has an aging population and the average age of the residents increases each year. That means the municipality will soon face major challenges.

Sandberg says that the municipality has too few resources for external development issues and needs to develop attractive housing opportunities. The municipality of Töreboda has a planning and development manager who is employed for 60% of the workweek, but internal resources are still lacking. Therefore, it is difficult to maintain a high pace in the planning/development processes. There are not enough vacant rental apartments in the municipality although there are houses for sale outside the area. Sandberg postulated (in the year 2013) that the municipality needs to develop its preparedness plan.

Unemployment in Töreboda is comparatively high, especially among young adults. Sandberg explains that there is a kind of matching problem between the competences of the unemployed people (including the people who are preparing to enter the workforce) and the required competences by the companies. He adds: "We are challenged, in our actions and stimuli, to help unemployed people develop the competences that lead to work in the area".

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

### *The future*

An active, committed political group is needed to achieve the objectives of Töreboda's 2030 Vision. It is a positive step that the politicians are taking action. Töreboda must build on its positive factors: a strong, open community that is tolerant and diverse. Sandberg hopes the municipality can retain a business structure with many small and medium-sized companies so that Töreboda is less sensitive to competition than other municipalities. He says that competing with other manufacturers is a major challenge. Plans call for the development of Töreshov (a sports complex) operated by the municipality at a cost of 60 million Swedish krona. The Technical College in Skaraborg, which offers technical education, is also a valuable resource.

Sandberg thinks that Töreboda must be venturesome when exploring new and different solutions because the municipality's residents will be more demanding in the future. They will want more control over consumer choices.

Perhaps there will be a new municipal structure in Skaraborg with a combination of four municipalities from the area; in that case, Töreboda would represent the eastern region. Because it is very important to safeguard Töreboda's communication systems, the municipality must find the resources to develop its rail service. Although national regulations govern the long-distance trains, the municipality can be of use in managing the commuter traffic to Skövde. The traffic to Örebro and westward could also be improved. However, Sandberg recognizes the challenges in maintaining and developing the existing infrastructure. The future scenario is that the municipality will have the same number of residents in 2030 – around 10000 people – with an aging population that drains the economy or, alternatively, a population of 9000 to 10000 people, many of whom are of working age with good housing, good public and private services and low unemployment.



"You can have lots of ideas, but it doesn't work to think no one else does."

Lena Tilstam, Municipal Business Developer, Töreboda Municipality.

Lena Tilstam has been serving as the Municipal Business Developer in Töreboda since 1 March 2014. The creation of her position is a concrete example of the importance the municipality attaches to developing cooperation between itself and business life. This initiative is the result of workshops she conducted during her thesis research. She began working in the area earlier and has helped around 200 entrepreneurs since 2001. She began her new position by making company visits in order to create an inventory of companies' needs. Töreboda also undertook a cooperative arrangement with 12 companies in the area to design a park bench which was placed along the Göta Canal in the summer of 2014.

Tilstam says: "I feel the difference with Mariestad where people are not so personally engaged. Here everyone is involved. I think it is a matter of enthusiasm". She identifies certain people who think it is important to put ideas into practice. She adds: "You have to dare to seize the baton and lead others. People with enthusiasm are engaged and invest their time and effort and even their money. You have to be both alert and careful". She points to several people who influence business life and association life in Töreboda. She often mentions Per Ottosson, Inga-Lisa Johansson and Kerstin Söderberg as examples of very enthusiastic people who live, work and invest in the municipality even among some younger people, still in their 30s, such as Adrian Gustafson who manages Café Visthuset and works with the Fair Trade concept (in 2012 Töreboda was the first municipality in Skaraborg to receive Fair Trade certification). Gustafson is also the vice-chairman of The Swedish Federation of Business Owners in Töreboda. Tilstam thinks a lot of the structure of existing business life requires change, especially when the new business constellations from the service sector are added and developed.

Tilstam believes businesses should operate in a sustainable manner and that owner-managed businesses, especially those in Töreboda, have critical points in their development, not least the generational changes that have begun to appear; moreover, the companies in the area are known for avoiding waste and for offering secure employment. Tilstam quotes a business leader on financial management: "Here in Töreboda, we do not borrow. We use the money we have saved to make purchases". Tilstam thinks there is a lack of new industries that can supplement the manufacturing industry and attract younger people to Töreboda. There is plenty of space and land. Töreboda has a good location: between Stockholm and Gothenburg with good train connections. It should also be possible to develop the agricultural sector and cooperate around the area's resources so that high-quality products are profitable. Tilstam thinks one possibility is to produce good food that consumers value more than the

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

cheaper food available from other sources. Therefore, she thinks the residents of Töreboda would profit from a change in attitude – from satisfaction with the status quo to an outlook focused on the development of the area as a whole. She states: “We have had a lack of a vision! The municipality is now facing this issue by seizing on a vision and working toward achieving it”. She thinks a partnership between business life and association life (i.e., the so-called tertiary sector) is one way forward.



“Cooperation, with continuous visits to the companies, is needed between business life and the municipality; everyone will benefit.”

Lars-Åke Bergman, Councillor year 2013 in Töreboda Municipality, vice Councillor after election year 2015 (Social democrat) Töreboda.

### *Location of Töreboda*

Lars-Åke Bergman, one of the main municipal councillors, believes that Töreboda’s location reflects some sort of strength; the beautiful natural surroundings add to a higher quality of life for the residents in Töreboda. Furthermore, the companies are very committed to the municipality and to its residents. There is mutual support between the companies and the residents – this is a collaboration which benefits everyone. However, although the economy is diversified, he admits there are no large companies that can provide full and secure employment. In his view, due to globalized competition, large companies are no longer very sustainable. According to Bergman, the current real weakness of Töreboda’s location is perhaps its small size – there are insufficient resources, too few residents and a diminishing (as well as aging) workforce. Bergman thinks, therefore, that the population reduction is quite “worrisome”. He suggests the marketing association needs to emphasize Töreboda’s strength as a very pleasant place to live and work.

*The future*

Lars-Åke Bergman also emphasizes the necessity for an active business life in Töreboda which he considers could be achieved through an interaction between politicians and the local companies leading to more resources and possibilities for cooperation between the public and private sector. The manufacturing industry (and perhaps the food industry that processes locally grown products) will still be strong by the year 2030 with the prospect of 9500 residents. Today the vision is to maintain “this pleasant municipality”. He also thinks it is quite realistic that before 2030 Töreboda will have merged with other communities – possibly with Mariestad and Gullspång.

In general, Töreboda is fairly well off. Conditions are favorable for more construction (apartments and smaller houses). Many residents would like to live near the Göta Canal or the central square. Communications will improve, particularly with Skövde as well as with Örebro, Stockholm and Gothenburg. A municipal decision has been taken regarding the more active welcoming of new residents. The municipality also sees opportunities to attract more people to Töreboda with interesting work, good schools, a pleasant lifestyle and good apartments and houses.

Bergman believes it is important to plan which professions will be needed in the future. If the municipality continues to maintain and guide its high schools, the education will fit the needs of the companies. The population growth is likely to be in areas outside the rural part of West Sweden. The region as a whole must remain strong and Töreboda should take the lead.



## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT



”We need to talk more with each other than about each other.”

Bengt Sjöberg, Vice Councilor in the Töreboda Municipality in 2013 and Councilor after the 2015 elections (Conservative – Moderat in Swedish).

### *Location of Töreboda*

Bengt Sjöberg, the 2013 political opposition vice councilor, works as a farmer who raises pigs and grows grain near Töreboda. He is also active on the Health Board in West Sweden and has worked with developmental issues in the local area as well as being a Councilor.

Sjöberg thinks one of Töreboda's strengths is its proximity to the Western Main Line that operates between Stockholm and Gothenburg. He values the cohesion and cooperation found in business life which is similar to a well-known production area in Sweden called Gnosjö, a small municipality in a neighboring region with a reputation as the most successful area for innovation and cooperation among small and medium sized companies in the whole country. The spirit of Gnosjö is an expression used when successful examples of good cooperation and business development are presented (Wigren, 2003). Such cooperation increases a municipality's strength. Sjöberg believes that Töreboda's weakness is its location in that it is far from Gothenburg, the region's largest city.

However, he views better collaboration between the municipality and businesses as another possible approach. More industrial resources are needed and the municipality needs more development. He also encourages more exchanges and improved dialogue with industry so that, together, the municipality and the companies can develop the local industry. Sjöberg believes that an active politician should be out there, in the business community, meeting with companies, discussing new opportunities in construction and growth.

### *The future*

Looking ahead to 2030, Sjöberg foresees that Töreboda will merge with other municipalities. He is concerned that Töreboda's population will continue to decline although the goal is to stop this trend. Therefore, he thinks more houses should be constructed to encourage more people to move to and remain in the area. There will also be changes in the economy, thus the municipality should prepare for such an event. Business life and cooperation are important. There is always a danger that companies will leave the area. The goal for the future is to create an attractive place to live where childcare, schools and healthcare serve both companies and residents better. Many ideas are needed to satisfy those needs with the highest level of service.

Today the most important factor people think about when moving to a new community is the quality of the education, especially education for their children, according to Sjöberg. The Töreboda education system, including the supply of teachers, needs to be reviewed. It is very likely more teachers and school personnel will be needed in the future. This is not a simple issue, but it must be prioritized.



“It is easy to work on a project that is fun.”

Per Ottosson, Festival Manager.

#### **4.1.2 The Association and the Töreboda Festival**

Per Ottosson is the founder of the Töreboda Festival. He lives in Töreboda and works as a representative for Axevalla Travbana (a local race course for horses) in Skara municipality.

Ottosson is the driving force behind the Töreboda Festival that began in 2000. The choice of Töreboda as a Festival venue was simple; Ottosson was born and raised in Töreboda. The origin of the Festival dates

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

back to 1997 when he began thinking seriously about an idea he had had for some years. He spotted a great opportunity with the start of the new millennium. “Otto”, as most people call him, contacted the business community and invited them to support the event. He realized the Festival would require strong financial support. The company Daloc Ltd. was the first sponsor. Soon other companies joined in.

An association, Töreboda 2000, was formed to launch the first Festival in 2000. The Festival was a huge success. Both the municipality and the business community participated in showing that the Festival was a serious event, supported by all. The association continued to grow and the second Festival was held in 2003. At this point, the organizers decided to hold the Festival every three years. The most recent Festival was in 2015. At the beginning, Ottosson was the Festival’s primary organizer. However, today the Festival has an active board of directors, a group of 28 associations and a group of marketing people from the business community. Together, these people form a powerful resource. The Festival is a not-for-profit association. The Töreboda residents are encouraged to be involved in the planning and conduct of all Festival activities.

The Festival is held only every three years thus the financial demands are not too heavy for the companies. The Festival gives three-day tickets to the sponsoring companies to distribute among their employees (the equivalent of 1,250 Krona per person). The Festival pays very competitive amounts to the stream of famous artists who perform at the Festival. Ottosson says: “We pay well; others fail who do not pay as well”. He maintains good contact with the artists’ agencies. He also has a very good understanding of the entertainment business. “We have a wonderful venue that is very near the square that offers an excellent atmosphere” Ottosson comments.

In 2012 about 18,000 people were on the square to see Status Quo (an English rock band), which was a record. That year, 44,000 people attended the three-day Töreboda Festival. The Festival had created a strong sense of community and belonging that increases the residents’ confidence in the future of Töreboda. Ottosson describes the sense of togetherness and pride created by the Festival: “We in Töreboda are very pleased with the Festival. People are happy to see that we can create something”. In describing the success of the Festival, Ottosson adds: “I managed to get everything in order. This would not be easy in a larger city. Here the advantage is that everyone knows everyone”.

The Festival’s main problem now is expansion. Many buildings surround the square, so it is difficult to grow in terms of audiences. However, the Festival revenue has increased by approximately

10.1 million Swedish Krona. The association collects the money before the Festival begins so there is not a loss as with many other festivals. The goal for each Festival is to finance it before it begins. About 70-80% of the visitors return and their expectations at each Festival are high. The Festival is a great experience for people who work or live in other places. Many families and friends get together during the Festival week.

The Töreboda Festival will not relocate. The work put into arranging the festival has transformed over the years for the Festival crew as far as searching for money, company support, and volunteers. Now the Festival is three or four times its original size and is well known in the West Sweden region. Many people come to the Festival, extend their visit to a week and spend a good amount of money. The Festival's success depends on good resource management and cooperation in finding solutions to problems. The financing is secure– not many festivals have such financial security before they start their festivals.

More companies will locate in Töreboda. Töreboda has already developed significantly in the last 10 years. The companies are well managed and stable and will certainly last into the near future. The residents in the municipality are happier and are prouder than ever before. Ottosson says: “It is a huge change”. In the future – in 20 or 30 years – Ottosson thinks people will still have a good feeling about Töreboda with its Festival atmosphere. He says: “I am still here and am quite happy to live here. I have had other offers, but I have nothing to prove. My future is in Töreboda”. On the other hand, the schools need renovating and the sports fields need proper care and attention. Ottosson lists what families in Töreboda want: good schools that are nearby, reasonably priced accommodation, a number of different associations to join, good access to transportation, proximity to the Göta Canal, suitable sports and leisure facilities and beautiful woods that provide the setting for outdoor activities. Older people want central and reasonably priced accommodation in close proximity to stores, the healthcare center, the library, etc. More of such houses/apartments are needed.

## **4.2 The Swedish Federation of Business Owners in Töreboda and the KRAFT Group**

In the foregoing description of the local municipality of Töreboda, with its officers, politicians and festival organizer, the public sector is presented from a local view. Now, to give a deeper understanding of the local private sector, the business conditions in the area will be presented whereby

representatives from local business organizations discuss and describe their views of the regional business environment such as the area's cooperation and future and offer their opinions on how the public and private sectors can cooperate. The two local business organizations cover almost all business life in Töreboda. Small companies from many branches are represented in The Swedish Federation of Business Owners in Töreboda, twelve of the larger manufacturers in the area in and around Töreboda are members of the KRAFT Group.

#### **4.2.1 The Swedish Federation of Business Owners in Töreboda**

Various company owners started the association, Swedish Federation of Business Owners, in Töreboda in 1985, when many old craft trades still existed. Kerstin Söderberg was appointed chairperson of the association in Töreboda in 2005 whilst working on her thesis and then in 2016 she became a member of the board. When Söderberg became the chairperson, the association had 50 members. Today there are 100 members. The area of Töreboda now has around 450 companies. She is also the driving force behind her company: KS Administration Ltd. She lives in the center of Töreboda and is active in other organizations, such as the Agricultural festival in Northern Skaraborg and The weavers of Löfsängarna (a small place in the neighborhood named after the meadows of leaves).



“There is such a sense of community in Töreboda. Here people both work together and create small clusters”.

Kerstin Söderberg, chairperson of The Swedish Federation of Business Owners in Töreboda.

Söderberg is an activist of not-for-profit organizations and is very interested in other people. Previously, she was involved in the Skövde branch of The Swedish Federation of Business Owners and had her own

business there. When she moved to Töreboda in 1998, she took the treasurer's position in this business association, with the idea of promoting business activity in the area. Söderberg has twice received awards for her recruitment of new members.

There is high loyalty among the members of the association. About 90% of the members retain their membership until they sell or close their companies. Söderberg thinks it is difficult for some members to stay active and worries that the association may have to merge with a larger association in the future especially as the national companies' association controls the future of each local association.

Söderberg is also a member of the Leadership Group for Leaders in Northern Skaraborg. Her active role in that association has caused her own business to suffer. She thinks she has been on the Board of the Swedish Federation of Business Owners in Töreboda too long.

In response to the question of which activities are dominant today, Söderberg identifies the construction companies, their spin-off companies and the consultants. The companies like to recruit people from the area who do not need to commute to work. The people within these local companies also know each other.

According to Söderberg, cooperation in the area is increasing. One example is the automobile repair shops in which construction companies, electricity companies (whole solutions) and auto parts dealers work together and pool their resources. She says this open business climate encourages cooperation and thinks that Töreboda's location has a very positive business influence. Another good example is the Töreboda Festival in which companies promote cohesion and business development. Söderberg states: "We try to cooperate on the choice of the year's entrepreneur. The award becomes something important for the municipality, not only for the chosen individual".

#### *The future*

The future for the companies in Töreboda is unpredictable. In the past, people inherited companies from their families, generation to generation. Yet Söderberg thinks this will change in the future. The risk is that a company will close if no one takes over. However, the Töreboda residents have to live somewhere and will always require the services that construction companies, cleaning and domestic services, for example, provide. These companies will probably survive, such as the company Skaraborgs Städ Ltd. (a cleaning company), with 365 employees in 2012, and a member of The Swedish Federation of Business Owners in Töreboda. This and other companies have benefited from the reduction in RUT (a Swedish tax reduction on labor and materials for home services such as

carpentry and cleaning). Söderberg thinks cheap, industrial land is still available in Töreboda – a positive resource for new companies and companies wishing to expand. Another positive sign is that more development is expected along the Göta Canal, which should boost tourism in the area.

#### 4.2.2 The KRAFT Group

The KRAFT Group is an economic association whose purpose is to support stable and profitable manufacturers in Töreboda. Membership of the KRAFT Group is restricted to manufacturers in order to limit discussions at meetings to topics of common interest and importance.

The KRAFT Group was founded in 2005 as a project by Swedish colleges and universities around an initiative called “power assembly”. Then people at the University of Jönköping contacted companies in Töreboda. Leif Matsson was the first person to get involved, as chairperson. In the first year, the University offered lectures intended to help companies improve their competences, particularly in the areas of leadership and productivity. Around 10 to 12 companies, manufacturers as well as service organizations, participated in the discussions. As the spirit of cooperation and trust grew among the companies, they could call on each other for assistance with employment issues, practical problems and typical business questions they had previously dealt with independently. Next, a coach, the former CEO of Töreboda Limträ, led the project. When he left after a year or so, the KRAFT Group and Leif Matsson asked Jorgen Källberg to help. In 2007, Källberg became the manager of the KRAFT Group. He said:



“When I visited the companies, it was easy to make contacts with most of the people. They knew who I was and wanted good contacts with the municipality. I wanted that also. Today we work mostly with programs that I inventory as a list of required activities after I visit the companies and ask what they want to develop”.

Jörgen Källberg, Activity Manager for the KRAFT Group in Töreboda.

Källberg has many years of business experience, in part as a manager for ALMI Företagspartner and in part as a consultant. He was born and raised in Töreboda. Today he lives near Stockholm.

Källberg states: “If you do nothing, you die slowly. Large companies find it difficult to transfer knowledge and move machinery. For others, this is much easier. Medium-sized companies are easier to move”.

When Källberg became manager of the KRAFT Group, the membership consisted of 10 to 12 companies. His first tasks were to become acquainted with the companies’ managers and to determine what they wanted to work with. Large companies, such as Källbergs, Moelven and Daloc Ltd, have two people on the board of the KRAFT Group: the manager and the vice manager. The vice manager is groomed for the top position. That concept works for many companies but not for all. Priorities are established by surveys, and actions are taken, based on these priorities. According to Källberg, the first task was to decide how the companies in the KRAFT Group should organize the work and set their goals. The second task was to determine which activities were required to develop the activities in Töreboda. The third task was to work cooperatively with the municipality. However, the companies have not always thought working with the municipality is a good idea because the municipality is sometimes more focused on its own issues/problems.

The KRAFT Group’s tasks today are more self-directed. The KRAFT Group has to deal with business issues of common interest. The local media has written about the KRAFT Group several times in order to explain their function. However, sometimes the companies’ interests conflict with those of the municipality (e.g., the use of the train station). According to Källberg, sometimes the companies prevail in such situations. The companies in the KRAFT Group are not greatly concerned with the political leadership. They are more concerned with establishing and maintaining contact with specific officers in the municipality. The KRAFT Group has been successful in this respect in Mariestad where excellent collaboration began and developed. Many discussions were held on job changes, orders and problem solving. Although there were recommendations to merge business associations from Mariestad with the KRAFT Group, the cooperation did not work well because of various internal problems and different company cultures. Nothing new came of those ideas.

According to Källberg, a municipality must have a social environment that encourages people to live there. There has been a problem in Töreboda in finding certain qualified people, such as programmers. The municipality must provide childcare as well as other facilities similar to the



## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Töreshov sports complex, etc. It is also a good idea to build company-owned houses. Furthermore, the natural environment must be attractive so that people will move to an area and remain there. However, it is difficult to influence builders as far as where to construct houses/apartments. It is also of concern to the KRAFT Group that in 20 years Töreboda may possibly have a much smaller population. Moreover, Källberg has made an estimate of the number of likely new pensioners in the future. He says this number is not as high as one might imagine. Some things have gone well in Töreboda: the construction of the Töreshov facility, for example, and the camping site on the outskirts of the municipality. The KRAFT Group seems to have a positive influence on business development in Töreboda. During the last ten years, the Töreboda companies have been successful and have grown. Källberg says he must remind himself that the KRAFT Group also had problems in its early developmental stages.

The companies that participated in the launch of the KRAFT Group, “For the benefit of Töreboda “Fördel Töreboda”, were the following: Elicom Ltd; Moelven Limträ Ltd; Hermanders Ltd; TM-Automation Ltd; Wåge Industri Ltd.; Törbolack/Porator Ltd.; and Ltd. Conny Gren. However, Ltd. Conny Green and Wåge Industri Ltd. have since left the KRAFT Group. Källbergs’ Industri Ltd., Westerstrand Urfabrik Ltd., Daloc Ltd., Jasico Ltd., Nimo-Verken Ltd., Zinkano Ltd. and Elos Precision have joined the KRAFT Group.

The following sections describe the companies in the KRAFT Group. Their annual sales (turnover), the total number of employees and the number of employees per sales are presented. Of the 12 KRAFT members, three are presented in more detail in Section 4.5. The other nine members, the former members and one non KRAFT member are presented briefly in Sections 4.2.3 to 4. 3.



The KRAFT Group’s members – at the entrance of Westerstrand Urfabrik Ltd.

### 4.2.3 Elicom Ltd

Three companies are consolidated under Anders Schough Invest Ltd., the parent company and 100% owner. The subsidiaries are Elicom Ltd. and Elicom Produktion Ltd. The owner of Anders Schough Invest Ltd. is Anders Schough. This electronics company was founded in 1988 and works in– construction, development and manufacture for markets in Scandinavia, the EU, other European countries and the Far East. The main market is the telecom industry in Sweden. Today Anders Schough is the Chairperson of the KRAFT Group.

<b>Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Sales (Turnover) MSEK	122	73	121	55	75	69
No. of employees	49	53	76	46	48	43
Sales/employee MSEK	2.4	1.4	1.6	1.2	1.6	1.6

Table 4.1 Sales and employees at Elicom Ltd. (MSEK = millions of Swedish krona)

### 4.2.4 Moelven Töreboda Ltd

Moelven Industrier A/S in Norway owns the company, which manufactures construction materials that are sold in Sweden and abroad. The company has good knowledge of wood processes and works with researchers at colleges and universities to ensure the strength of its materials and to find solutions to construction problems.

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

<b>Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Sales (Turnover) MSEK</b>	<b>259</b>	<b>306</b>	<b>317</b>	<b>262</b>	<b>297</b>	<b>302</b>
No. of employees	143	155	155	146	149	142
Sales/employee MSEK	1.8	2.0	2.0	1.8	2.0	2.1

Table 4.2 Sales and employees at Moelven Töreboda Ltd. (MSEK = millions of Swedish krona)

#### **4.2.5 TM Automation Ltd**

The company, which was founded in 1994, works with electricity automation. The company makes control components and its employees have experience with control and regulation technology. The company and its management are located in Töreboda.

<b>Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Sales (Turnover) MSEK	15	13	14	11	16	17
No. of employees	11	11	11	11	12	14
Sales/employee MSEK	1.4	1.2	1.3	1	1.3	1.2

Table 4.3 Sales and employees at TM Automation Ltd. (MSEK = millions of Swedish krona)

#### **4.2.6 Wåge Industrier Ltd**

In 2006, Grundfos Ltd. acquired a Töreboda company, Wåge Industrier Ltd. that was founded in 2006. Grundfos Ltd. has its headquarters in Mölndal, Sweden. The parent company is in Denmark. The company produces customized, prefabricated pumping stations for the wastewater market. The breakdown of figures for the individual companies is not available. At the takeover, the company had 17 employees and around 26

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

million Swedish krona in annual sales. In 2011, Grundfos Ltd. had sales of 376 million Swedish krona and 93 employees.

#### 4.2.7 Törbolack/Porator Ltd

The company was founded in 1986 and was reorganized as Törbolack Ltd. in 1996. Today Incorp Väst Ltd., with its head office in Alingsås, Sweden, owns the company. Although the company has various activities in different locations, its business in Töreboda is in power coatings for metals.

Year	2006	2007	2008	2009	2010	2011
<b>Sales (Turnover) MSEK</b>	<b>8.3</b>	<b>11.1</b>	<b>9.2</b>	<b>7.7</b>	<b>5.1</b>	<b>4</b>
No. of employees	8	8	8	6	6	4
Sales/employee MSEK	1	1.4	1.2	1.3	0.8	1

Table 4.4 Sales and employees at Törbolack/Porator Ltd. (MSEK = millions of Swedish krona)

#### 4.2.8 Ltd. Conny Green

The company merged with the mining company, Doris Ltd. in Falun, Sweden, in 2011. The main activities of the company, which was founded in 2002, are in the field of project management, construction consulting and personnel organization and wellness. The newly merged company had no employees in Falun in 2011 and sales were 168,000 Swedish krona. No information is available for Ltd. Conny Green for 2011. The owner was active in the KRAFT Group, but not anymore.

#### 4.2.9 Källbergs Industri Ltd

The company was founded in 1954 in Töreboda by the family Källberg. Its products include dried egg powder. The company, which is one of the largest of its kind in Sweden, strives to meet the high quality standards of the food and pharmaceutical industries. Its markets are both national and international. Danaeg Amba, a Danish company, owns the company and

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

two other subsidiaries: Töreboda Äggprodukter Ltd. (no employees) and Källbergs Trading Ltd. (no employees).

<b>Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Sales (Turnover) MSEK</b>	<b>270</b>	<b>294</b>	<b>381</b>	<b>357</b>	<b>341</b>	<b>320</b>
No. of employees	89	77	85	80	86	80
Sales/employee MSEK	3	3.8	4.5	4.5	4	4

Table 4.5 Sales and employees at Källbergs Industrier Ltd. (MSEK = millions of Swedish krona)

#### 4.2.10 Clean Production Ltd

Clean Production Ltd. acquired Jasico Ltd. in Älgårås, Sweden, which was set up in 1973, and now form the Clean Group consolidated group. The company works with hygiene and cleaning products that are sold under customer brand names. The Group has about 180 employees in three countries and total sales were 302 million Swedish krona 2011. The company is profitable and has a high sales/employee ratio.

<b>Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Sales (Turnover) MSEK</b>	<b>97</b>	<b>90</b>	<b>103</b>	<b>117</b>	<b>97</b>	<b>73</b>
No. of employees	37	31	30	22	20	20
Sales/employee MSEK	2.6	2.9	3.4	5.8	4.8	2.6

Table 4.6 Sales and employees at Clean Production Ltd. (MSEK = millions of Swedish krona)

#### 4.2.11 Nimo-Verken Ltd

NIMO-Verken Ltd. is in a group owned by Nimo-Works Holding Ltd. The headquarters of the company are in Gullspång, in the area of Hova, Sweden (the neighboring municipality to Töreboda). The company, which was founded in 1970, produces various steel products used in the construction, plumbing and food industries. The company has also enjoyed great success with its efficient clothes dryers.

<b>Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Sales (Turnover) MSEK</b>	<b>95</b>	<b>131</b>	<b>122</b>	<b>116</b>	<b>133</b>	<b>136</b>
No. of employees	75	92	85	84	85	93
Sales/employee MSEK	1.3	1.4	1.4	1.4	1.6	1.5

Table 4.7 Sales and employees at NIMO-Verken Ltd. (MSEK = millions of Swedish krona)

#### 4.2.12 Ltd. Zinkano

The company was founded in 1999 and is located in the neighboring Gullspång municipality. The company produces metal coatings in zinc and zinc alloys which protects products, mostly in the automotive industry from corrosion.

<b>Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Sales (Turnover) MSEK	20	22	24	14	23	30
No. of employees	27	32	30	18	23	37
Sales/employee MSEK	0.7	0.7	0.8	0.8	1	0.8

Table 4.8 Sales and employees at Ltd. Zinkano (MSEK = millions of Swedish krona)

#### 4.2.13 Hanza Mechanics Sweden Ltd, formerly Elos Precision Ltd

Elos Precision Ltd., with production facilities in Töreboda and Årjäng, was formerly in the publicly listed industrial group Elos and has also been a member of the Westergyllen Ltd. group (with the aim to engage in asset management and manage movable and immovable property and related business). In 2010 the company was bought by Hanza, a contract manufacturer with about 600 employees in Sweden, Finland, Estonia and Poland. Elos Precision was included in Hanza's mechanic division, manufacturing precision components. Hanza had annual sales of around 650 million Swedish krona. In 2015 Hanza Mechanics Sweden Ltd. ceased operations due to that fact that it got too expensive to operate in Töreboda. At that time, the company had 24 employees (www.mariestadstidningen.se, 2015-01-16).

<b>Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Sales (Turnover) MSEK	81	78	101	102	124	129
No. of employees	73	73	81	70	71	86
Sales/employee MSEK	1.1	1.1	1.2	1.5	1.7	1.5

Table 4.9 Sales and employees at Hanza Mechanics Sweden Ltd. (formerly Elos Precision Ltd.) (MSEK = millions of Swedish krona)

#### 4.3 Skaraborgs Ståd Ltd. – A growth company

Skaraborgs Ståd Ltd. offers comprehensive indoor and outdoor services such as cleaning services, janitorial services, home services, special services and restoration and related services to customers in the private and public sectors. Although not part of the KRAFT Group, because it is not a manufacturer, this company has enjoyed much growth. It is an example of a new industry with more growth possibilities, that works in untraditional ways. However, it is an important member of The Swedish Federation of Business Owners in Töreboda (because of its growth). In 2013 the company had 314 employees and sales of 129 million Swedish krona.

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

<b>Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Sales (Turnover) MSEK	77.4	87.7	94	97.7	100	113
No. of employees	205	205	268	268	262	281
Sales/employee MSEK	3.7	4.2	3.5	3.6	3.8	4

Table 4.10 Sales and employees at Skaraborgs Städ Ltd. (MSEK = millions of Swedish krona)

*Summary of the companies at the aggregate level*

In 2011, all the companies in the KRAFT Group employed 546 people. The companies conduct their activities in the Töreboda and Gullspång municipalities. Several companies are members of consolidated groups and some have foreign owners who make decisions on activities and strategies. The KRAFT Group developed from the companies' wish to identify common needs. The membership has been more or less constant over the years. The companies in the KRAFT Group demonstrate their commitment to the Töreboda municipality and surrounding municipalities and annually elect a local representative and a chairperson. These individuals work directly with officers of the local municipality. The companies that work in the new field of services (e.g., Skaraborgs Städ Ltd.) are growing rapidly, which is not very common yet in the non-urban regions. About 45% of the KRAFT companies have increased their turnover significantly in the last five years and employ the same number of people as some medium-sized companies in Europe (around 250 employees).

#### **4.4 Public-private workshops for common development**

To gain an understanding of the dynamics in the context of the development of the Töreboda location, stakeholders from both industry and the municipality participated in Workshop I (2013-03-20) and Workshop II (2013-05-29), both titled Framtidsvåren 2013 [in English: The Future Spring 2013]. The Töreboda Municipal Office, in collaboration with the author, sent workshop invitations to the companies, the business associations, local politicians and municipal officials. The goal of the workshops was to bring people together to discuss the current business



## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

climate in Töreboda, to ask questions and to suggest ideas related to future business and municipal development.

Municipal Advisor Lars-Åke Bergman and Municipal Manager Tommy Sandberg opened the Workshop I meeting on March 20, 2013, with an introduction to the project. They emphasized that cooperation between the companies and the municipality was a priority. Next, an individual from the School of Business, Economics and Law (affiliated to the University of Gothenburg), was introduced, followed by the introduction of all other participants. The theme of the workshop was announced as: “Töreboda in 20 Years: A Future Scenario!” [Translated from Swedish].

The participants of Workshop I were asked to imagine how Töreboda would look in 20 years from the perspective of their companies, the municipality and society; they voted on these ideas, all in silence. Eventually the ideas were ranked according to the number of votes received (some similar ideas were combined). Afterwards the participants, in small groups of three or four people, prepared written comments on how these ideas could possibly be implemented. Results of the discussions were recorded on paper; the suggestions that did not receive votes are also presented: see Appendix VII.



Voting on the best proposals for Töreboda’s future.

Groups were formed from more or less the same participants as Workshop I, to develop the ideas further that had received the most votes. They were asked to return with more suggestions to the follow-up, Workshop II.

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

The following issues were placed on the agenda to be discussed at Workshop II:

- Which problems require solutions?
- Which resources are needed?
- Who owns the issues?
- When will it be completed?
- How can Töreboda be developed as a result of these workshops?

Based on the findings that resulted from Workshop I, the author of this thesis developed and presented three possible future scenarios at Workshop II to the participants representing the municipality, the political sphere, the companies and the business associations. The participants then described their interview responses and the results of the groups' tasks assigned in Workshop I. Subsequently, Professor Thomas Polesie from the University of Gothenburg discussed the study's findings. Workshop II concluded, following a question and answer session, with an agreement by the participants to continue the cooperation between the various groups in attendance.

Among the suggestions for Töreboda was the proposal for a vibrant industrial/office zone suitable for new businesses and an area for outdoor recreation and as a tourism attraction. This investment would attract more companies, residents and tourists to Töreboda. Another subgroup in Workshop II proposed the construction of more attractive homes along the Göta Canal; continuation of the Töreboda Festival; and the founding of a School of Arts. These investments could strengthen the Töreboda brand, leading to more interest in the municipality as a location to live and work.

The scenario with the most votes entailed great efforts by the public and private sectors. Workshop II's conclusion was that significant investments must be made. In this scenario, conditions are created for new housing construction and expansion of the sports arena Töreshov at a cost of about 60 million Swedish krona. Training/education would be tailored to the industry via efforts at Kanalskolan (the local school) and the business unit at the municipality would be expanded to work with business life in the region. The community would try to obtain EU funding to start and develop the internationalization process in the area. Active recruitment of company start-ups was supposed to begin as well.

Discussions were held on how to assist new arrivals, such as refugees, with training and education so they could begin working as soon as possible. In terms of tourist activity, Töreboda would be developed as a destination by marketing the camping area and activities connected to Göta

Canal. Transport routes for employees living in nearby municipalities would be expanded with a focus on increasing the number of trains and buses for commuters.

**Possible outcomes by the Year 2030:**

- Population increase towards 11 000 people
- More start-up companies
- National leading schools with specialized industrial education/training
- International companies' recruitment of people from several countries
- More homes within a 50-kilometre commuter zone
- Business activities like exchange of knowledge, international contacts and employees; product development; and employee recruitment including common efforts to work with the internationalization process to be able to handle global competition

*Summary of the workshops*

The Workshop I exercise created a strong commitment among the participants to the idea of addressing how to safeguard the business future of Töreboda. With the assignment of the take-home tasks, the participants were motivated to continue the discussion. The meeting itself provided an open forum for the participants to discuss common concerns and issues as well as to propose solutions. The areas of greatest interest were the following: housing, transportation and education.

The participants' findings for Workshop II resulted in proposals for specific actions and related time schedules. In general, the participants agreed that development in Töreboda is essential to ensure good municipal services and a vibrant future economy.

Appendix IV presents the scenarios developed in both workshops by the groups where the future of Töreboda in the year 2030 is discussed.

The outcome of Workshop I and Workshop II was the actors' better understanding of mutual development and its regional importance. Moreover, the success for municipality and local business also depends on good communication/transportation; understanding each other's possibilities and limitations; risk reduction; and investment commitment. The discussed future challenges resulted in creative and practical input from the participants.

They discussed which resources would be needed, which important investments have to be made, and how public-private collaboration could

be arranged in future projects. One example is to build more apartments through joint financing by the municipality and private partners. Individual companies that invest in production facilities need good logistics and transportation routes. Regarding this matter, the municipality has now shown a great interest in having a dialog with the central Swedish government about future transport investments in trains and roads.

In the following section a deeper description and understanding of the region's private companies is presented. This description, which shows how a private, owner-managed company can develop in a non-urban area, provides insights on how the owner reflects on the business environment, the conditions, the possibilities, resources and challenges that exist in a specific location.

#### **4.5. Three companies in Töreboda**

The three companies described in this section are all owner-managed. They were selected as good examples of local companies that are in different industrial branches and work with actors in both the public and private sector for regional development. These companies illustrate an interesting development of products and processes that are competitive in Europe and the world. The owners work at their companies and live in the Töreboda municipality or in neighboring areas. The three companies are members of the local KRAFT Group (comments on reasons for their selection are given):

- Hermanders Ltd., which the author also studied for her Licentiate thesis of 2012, is a small company specializing in subcontracting work. The company exemplifies a specialized industrial production company that demands lots of knowledge about and experience with metal. Hermanders Ltd. is a small-niche player that represents many smaller industrial companies in Europe. The company, which was visited during the licentiate thesis work, allows for continuity of research and helps us get a better understanding of a company in a special niche.
- The Daloc Group Ltd. is one of the largest private employers in the community. It is very active and engaged locally in developing the cooperation between the private and public sectors. This company is of interest since it has a great impact as a large employer (343 employees in 2011) and has developed important cooperation with the local municipality.

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

- Westerstrand Urfabrik Ltd. has a long tradition in the community and has experienced a generation shift in ownership. With more than one hundred years of production within one family, the company has made a strong impression and employs many production workers. The company is interesting because it is one of the oldest companies in the area and has survived and developed its production during World War II and today. The company is a competitive producer of modern electronics worldwide with a famous reputation and a local impact.

The three companies are all privately owned and have been in the area for decades, variously from 1910 to 1950. The on-site research consisted of the following: Interviews with company representatives, company tours and participation in Workshop I and Workshop II. To study the trend of profitability, various financial calculations were made. These measures, which reflect the overall use of resources, are the most used figures in studies guided by the RBT. These key figures are calculated as follows:

- $ROA = \text{Net income} / \text{average total assets}$
- $ROE = \text{Annual profit less financial items} / \text{owners' equity}$
- $\text{Solvency} = \text{Liabilities} / \text{owners' equity}$

### **4.5.1 Hermanders Ltd. – A guy from Ockelbo who bought a lamp factory**

Hermanders Ltd. is described in the literature on Töreboda as originating as Hermanders Metallindustri, a company that manufactured stamped metal trinkets (Henriksson and Johansson, 1973). Folke Hermansson, who was born nearby in Udenäs, founded the company in 1951. By the early 1970s the company had markets in Scandinavia, England, America and Canada, a sales office in Nottingham, England, and display exhibitions in Copenhagen and Oslo (Henriksson and Johansson, 1973). Hermansson's father was a miller in Beateberg, Sweden and Hermansson's first job was in the mill. After he left school and completed his military service, he took up blacksmithing. In 1946, Granhaga Metall in Älgårås, Sweden, employed him as a metalworker. Here, he learned to handle different metals and to manufacture metal sports prizes and various metal gifts.

After a fire at the Granhaga Metall factory, the company relocated to Töreboda. However, when production decreased, the supervisor, Hugo Andersson, lost his job. Then Hermansson and Andersson founded their

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

own company, Hermanders Metallindustri in 1951. They began with a capital of 2,500 Swedish krona, which was actually a rather large sum at the time. Eight months later, Andersson left the new company and Hermansson continued to manage the company by himself. In 1956, he built a new factory in Haddeboda (a part of Töreboda) on the site of the old factory that had become too small. The new factory was built near the present grocery store on the square in Töreboda.



Products from Hermanders Ltd.

In 1969, the company moved to a new site on an industrial street in Töreboda where the municipal property company had erected some buildings. Hermansson rented space in these buildings. He continued to expand the company's premises with the addition of a showroom and a warehouse. At first, the company sub-contracted nearly all of its non-structural items (lamps, other lighting and fixtures among others). Later finished products began to sell well and the company increased its activities. One particular item was a coffee pot that rose from the stove when the temperature of the coffee reached more than 90 degrees centigrade. However, when it was revealed that a man from Otterbäcken held the patent on the coffee pot, it was removed from the inventory stock.

Hermansson made product models from sketches he drew himself. The model was sketched on one side of a page; a cost calculation was on the other side. Using these sketches and cost calculations, the company began manufacturing electrical fixtures such as heat lamps and sun lamps for Osram (a lighting company with headquarters in Germany). In 1963, the company began manufacturing products for IKEA (the Swedish ready-to-assemble furniture company). By 1969, Hermanders, with its extensive range of products, dominated the Swedish market in some areas. The company sold products to Kooperativa Förbundet (KF) and Åhléns (Swedish department stores). In 1980 sales to IKEA, the company's largest customer, accounted for 50% of total sales amounting to 10 million Swedish krona. The company also participated in exhibitions in Sweden and Germany.

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Hermanders Metallindustri Ltd. manufactured products from metals such as aluminium, brass, copper and iron. Originally, the company used glass acquired from Swedish glassmakers but eventually changed to Polish and Yugoslavian suppliers. The company purchased electrical cables from a firm in Norrköping, Sweden, and lamp sockets from suppliers in Italy and Germany. The company bought plastic from suppliers in Sweden and Germany. For a while, the company tried to manage its delivery logistics with its own trucks. However, with no return loads, it was not profitable to continue this delivery system. Therefore, the company started to use trucking companies for deliveries and, to a lesser extent, trains.

Hermansson has had various partners in the years after Hugo Andersson left the original company. Lennart Larsson and Kjell Andersson were two colleagues. In 1979, the company merged with Granhaga Metall in Töreboda and took on the name Nordsales Granhaga Ltd. The new company employed an external CEO. Hermansson, who owned 25% of the company, continued to work at the company on a half-time basis. Even though the company had several department stores as customers, it went bankrupt in 1983. However, Hermansson and his son, Jan Hermansson, then founded Tuller Metallindustri. This company, after financial difficulties, reorganized (with 25 former colleagues) into Hermanders Ltd. in Töreboda in the original factory location.

Sparbanken loaned the company start-up funds for the fresh start. Each founder also contributed 4,000 Swedish krona, borrowed from the bank, to capitalize the company in exchange for 40 shares. The company once again leased space from the municipal property company, they renovated the offices and added a dining room, a dressing room, a storage room, a laundry facility and a new oven for drying the paint on purchased lamps. Hermanders Ltd, which now began manufacturing lampshades, was soon producing 20,000 items per week.

The company's ownership structure (with the employee shareholders as minority shareholders and Folke Hermansson as the majority shareholder), and Sparbank's willingness to lend money, makes it clear that Hermanders Ltd. had the support of the municipality of Töreboda. As the company prospered, the loans were repaid and some shares were sold at a satisfactory return. The company began to manufacture more products including frying pans and kerosene stoves.

In 1989 the Töreboda Skrotaffär, owned by the Severin Family, bought Hermanders Ltd. Rolf Severin became the new CEO and Jan Hermansson took an important management and customer support role. The Hermanders Ltd. owners agreed to the purchase because the company

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

had experienced financial problems and they wanted to save people's jobs. Folke Hermansson, who died in 1997, was an active participant in the company's operations until his death. The following comments typify his approach to business. He said: "How is the company doing? Let's have a look at the bank statement. I have some money there so I know things are going well" (Gustafsson, 2011).

The speciality of Hermanders Ltd. is turning sheet metal into finished products. The company is one of only four companies in Sweden that has this capability. The company mostly uses the methods of spinning and deep drawing or a combination of both. The collective knowledge and modern workshops aid the company in making cost-efficient prototypes, quickly. Many companies such as ventilation companies, design companies working with public lighting and store layouts, various transportation companies and the aerospace industry need these products, often in large dimensions – 1000 to 1800 millimeters in diameter. The company continues to produce lampshades and other products for the Scandinavian market. The company is part of a group of companies that jointly exhibits at the Elmia sub-contractor trade fair held every year in Jönköping, Sweden.

Hermanders Ltd. is today described as Scandinavia's foremost metal works company. The current owner, Jan Engström, attributes the company's success to its specialization, its investments in modern machine technology and the education and training it provides its highly skilled employees. Engström, who is in charge of operations in Töreboda, lives in the neighboring municipality of Mariestad.



Owner and CEO, Jan Engström.

"I originally come from Ockelbo.  
My work brought me here."



Jan Engström has long had a significant interest and involvement in development issues related to the economy and to the community. He has always been interested in foreign countries and his surroundings in general. Engström, Göran Johansson and Björn Cederloo called themselves “The Three Wise Men”. After thinking ahead to the next 40 years, they decided to buy a company. They mentioned “The Three Wise Men” in their company prospectus that they drew up in a pleasant restaurant in Gothenburg, Sweden (Gustafsson, 2011). Engström said they showed their prospectus, which highlighted their training, knowledge and expertise, to various banks. However, “The Three Wise Men” were soon “The Two Wise Men” when Cederloo withdrew after Engström and Johansson began to consider the purchase of the bankrupt Hermanders Ltd. At first glance, neither Engström nor Johansson really understood the company’s production methods.

They found it rather strange when they watched men shape round metal sheets into various products. Yet they were fascinated by what they saw: the skilled workmanship with metals and the potential for the manufacture of various products. Despite bankruptcy, the company had a large backorder. Hence Engström and Johansson decided to purchase the company.

In 1991, Engstrom and Johansson became the new owners of Hermanders Ltd. Each man had a 50% ownership share. At first, all was well, but then a national financial crisis created difficulties, especially for people who had borrowed large sums to acquire companies. Moreover, the manufactured lighting fixtures were not as good as expected. Engström then telephoned a colleague in Varberg, Sweden, who worked for a company called Belid (Gustafsson, 2011). As the result of this telephone call, Engström sold the rights of the “S Mark” certified products owned by Hermanders Ltd. to Belid for around 400,000 Swedish krona. Engström began working half time as a sales representative for Belid, which allowed him to make new customer contacts for Hermanders Ltd. In 1994, in a meeting with company staff, he asked what the company could manufacture at a profit. The clear response was that the company was best at the metalwork process of shaping sheet metal. The decision then was to end the manufacturing of finished products and shift to sub-contracted manufacturing. Yet profits were still low. In 1996, Johansson left the company and Engström, now the sole owner, ceased working for Belid.

Engström used the company's toolmakers and supervisors to diversify to a new activity. As a result, Anders Nyman, vice CEO, took on a new role in which he learned Excel. He used this new skill to make various calculations that were useful in determining which jobs were

profitable and which were not. When more profitable orders streamed in, the company ceased accepting the less profitable orders. Anders Nyman had a minor ownership share of the company for several years before he bought 40% of the company.

In 1998, Hermanders Ltd. successfully participated in the Elmia sub-contractor trade fair (although several people at the company were doubtful about the value of such participation). In 1998, the company also purchased Gårdsjö Mekaniska to gain access to its machinery and tools for castor production. Castors could be sold directly at a profit (Gustafsson, 2011).

Hermanders Ltd. was now cramped for space. In 1999, when Axelsson's old textile factory became vacant, Engström visited the site with Leif Svensson from Sparbank. Engström asked Svensson what he thought of the site. Svensson responded: "Just buy it". Now Hermanders Ltd. suddenly owned a large factory site at a cost of two million Swedish krona. The move cost another million. A brother of an employee used his tractor to move machines and equipment over a period of two months. He had the help of Fredrik Gunnarsson, a recently unemployed restaurant chef.

With a focus on filling large orders, the company then purchased two large machines: a Leico control machine and a circular saw. One machine was purchased from Luxor Boren in Borås, Sweden. Because only one person could install the machine, Luxor Boren agreed to repurchase the products from Hermanders Ltd. According to Anders Nyman, "It was a great deal".

The owners of Hermanders Ltd. had now invested over 3.5 million Swedish krona in the company. Yet they did not have a single order. However, after the new machinery was installed, the company received its first order from a Swedish gingerbread cookie company that needed a dough bowl. In 2004, Laio Metall Ltd. in Hovmantorp, Sweden, contacted the owners about the sale of their company that also worked with metals. After many, long negotiations, an agreement was reached. Magnus Eriksson of Hermanders Ltd. spent two years traveling between Töreboda and Hovmantorp as he tried to make Laio Metall Ltd. turn a profit. In 2004, Hermanders Ltd. also acquired Spinnform Ltd. in Bredaryd and in 2005, Ludvika Metalltryck was acquired. Both companies had customer orders, one of which was from the multinational company ABB (a large engineering and technology company). In 2006, Hermanders Ltd. added a conference room, a modern dining room and new staff facilities to its premises.

In 2008, the beginning of the worldwide financial crisis, Hermanders Ltd. experienced difficult times. Production in Hovmantorp

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

ended and two employees were relocated to the Töreboda factory. Today Laio Metall Ltd. owns 100% of Hermanders Ltd. Engström has moved on from being a sole owner of a company to being a CEO of Hermanders Ltd. and is a shareholder in Laio Metall Ltd. The parent company (founded in 1975) is registered in the Lessebo municipality. Hermanders Ltd. currently produces various metal products like lampshades that are sold in Scandinavia and other countries in the European Union.

Jan Engström states: “Because of our investments in the latest machine technology and in our highly trained staff, we can say with pride that we are the leading company in Scandinavia that manufactures products from sheet metal”. Engström has developed the company in terms of its contribution to the Töreboda location. He has shown great commitment to the area. He and his company are role models for other companies and their owners. Hermanders Ltd. is in a niche market with its specialized knowledge and production that, combined with its cooperation with the municipality, increases the industrial strength and diversity of the area.

Annual sales at Hermanders Ltd. are moderate but steadily increasing. The company has survived the challenges of the recent financial crisis because of its diverse customer base that allows it to cope with fluctuations in the market. The company has also diversified its activities. According to Engström, “Our most important resource is our production expertise in shaping round sheet metal”.

Although Engström began with a partnership with two other men, he has now been the sole owner of the company for the last 20 years. He has no plans to leave the area, even if the company were sold and moved. It appears that Gunnarson is being trained as a possible new manager should Engström retire.



Fredrik Gunnarsson: “It is the training. I thrive here and do not want to move.”

Fredrik Gunnarsson and Jan Engström on the factory floor.

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

The company's strategy is based on survival and development. The goal is to earn money that can be used to develop the company with new investments. Engström describes his financial philosophy: "We have made large investments. It is our pension security. We have not paid ourselves high salaries or given ourselves large benefits. Everything has been spent to be at the forefront".

Four companies in Sweden are engaged in the same kind of metalworking as Hermanders Ltd. Each company manufactures about 10,000 parts per year. Low-cost countries are not so interested in this kind of small-series manufacturing. The goal of these four companies, including Hermanders Ltd, is to be within four hours' travel distance from customers and to sell the best (not the cheapest) products available. The Töreboda location has certain advantages because there are quite a lot of people who have metalwork experience. Furthermore, these people are not inclined to leave the area. Hermanders Ltd. does not need to move to find employees. Engström states: "We find the people we need where we are. They learn very quickly. We have very low turnover in personnel. We hire people who have a certain aptitude for the work and we train them. We learn a lot from each other".

Hermanders Ltd. is committed to achieving excellence, to developing its people, to being at the cutting edge of machine technology and to making the necessary investments. This involves attracting innovators and making innovations. To that end, the company has acquired three companies and moved a production site from the southern area of Sweden known as Småland to Töreboda. In general, these actions have been financed by equity; the company is not heavily leveraged. Engström comments on the company's commitments and perseverance: "It is about making money first and then using it. The most important success factor is having sufficient finances. We save in the good times for a buffer for the bad times. We are quite modest owners and do not require large dividends. We prepare for ill economic winds".

Another success factor is curiosity. Business leaders should be curious about markets and production methods. Engström also points to company pride that creates corporate identity: "I am confident we will stay in this area in the future. However, we need better access to the large cities. This would be a logistical advantage. We may need to expand, but our growth must be gradual and constant. It is not enough just to be content. Sometimes you have to take a giant leap. Of course, this can be very dangerous. We also think that long-term ownership and long-term development of the company are essential".

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Sales MSEK	17	19	20	22	23	27	31	25	27	32	34
No. of employees	21	21	21	25	25	25	29	29	30	27	29
ROA %	15	11	21	8	9	11	12	9	15	16	20
ROE %	79	66	51	22	24	47	43	18	19	31	34
Solvency %	20	20	26	31	30	35	43	44	42	50	55
Sales/ employee MSEK	0.8	0.9	0.95	0.88	0.92	1.08	0.72	0.86	0.9	1.2	1.2
Profit/ employee MSEK	0.04	0.01	0.07	0.04	0.02	0.05	0.05	0.03	0.05	0.1	0.1

Table 4.11 Facts about Hermanders Ltd.

*Summary of Hermanders Ltd.*

Hermanders Ltd. and its staff have developed over quite a long time. The company began in the mid-twentieth century (1951) with the manufacture of metal trinkets. Today, more than half a century later, the company competes successfully as a metalwork sub-contractor in Sweden. In the 10 years between 2001 and 2011, the company employed eight new people and doubled its annual sales. A committed owner, assisted by a talented and loyal group of employees, manages a company that is an important part of the Töreboda economy and business life.

#### **4.5.2 Daloc Ltd. - A subsidiary in the safety door industry in Europe**

Dahlstedt and Johansson Ltd., which was the origin of today's Daloc Ltd., was founded in Lidköping, Sweden, in 1943 and manufactured safes. Prior to that, in 1942, the current owner's father, John Johansson, founded Johansson Mekaniska as a sole proprietor with four employees. In 1943, he joined forces with Hans Dahlstedt to form Dahlstedt and Johansson Ltd. and moved the activities to Hasslerör, near Mariestad. Although the company made safes, Dahlstedt's inspiration was to make fire doors. When

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Dahlstedt left the company, John Johansson's brother, Einar, joined the company. In the beginning, production was focused on safes and fire doors; today production is focused on safety fire doors in steel and wood. As the brothers acquired a good reputation among local property developers, the sales of the fire doors increased (<http://www.daloc.se>) employed 14 people and had annual sales of about 417 000 Swedish krona. In the 1940s, as the two brothers established their reputation among local builders, all the company's sales increased and a culture was created. Today the company produces steel and wooden fire/safety doors.

In 1956, the company relocated to Töreboda where the majority of its employees lived. After World War II, Daloc Ltd. profited from the building boom and the government's legislation that new buildings have to have fire protection shields. In 1960, the company had sales of 1.9 million Swedish krona and 35 employees. There was another building boom in the 1960s when the Cold War motivated people to purchase bombshelter rooms. The company developed a completely new production model in 1967, the same year that Inga-Lisa Johansson (John Johansson's daughter) joined the firm, when her father and uncle were no longer well enough to manage the company by themselves. The company adopted a new system of working referred to as Lean Production. In addition, the Daloc Ltd. production model met the Swedish Standard Quality Class 1 stipulations. In fact, Daloc Ltd. was the only manufacturer in Sweden that met the Class 1 standards requirements ([www.daloc.se](http://www.daloc.se)).

The staff at Daloc Ltd. and local people supported Inga-Lisa Johansson. The biggest change she made was in the development of marketing and sales. As she contacted customers, the company became more visible throughout Sweden. Even at the young age of 26, she travelled around Sweden and gave lectures on fire safety. Commenting on her introduction to business, Johansson says: "I telephoned the employment agency and asked if they had an open position". She did not receive a job offer. "Then I called the employment office to ask why they did not want to recommend me. They said they didn't think a woman could work with the technology!" Inga-Lisa Johansson explains further that her first employer was Star Products Ltd. in Lidköping, Sweden.

In 1973, Daloc Ltd. moved its production facilities to a larger location in Töreboda where it was possible to streamline production even more. John Johansson was still CEO and Inga-Lisa Johansson was Administrative Manager. Today she is the main owner and CEO of the Daloc Group Ltd. with more than three hundred employees, working with her son as co-owner and vice CEO. Most people work in Töreboda, at one of several sites, others work in Hellerud and a few people work in sales

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

offices abroad. Daloc Future Ltd. (the parent company) has its administrative offices in a beautiful old brick building next to the Göta Canal. The building has conference rooms and an exhibition hall. Inga-Lisa Johansson is also on the Boards of Svenskt Näringsliv and Teknikföretagen (a Swedish employers' organization). She is known for her entrepreneurial work and has received several awards such as the Albert Bonnier prize as the Year's Entrepreneur of 2004 and the Royal Patriotic Society's gold medal ([www.daloc.se](http://www.daloc.se)) In 1996, she was named Business Woman of the Year by the French champagne company Ponsardin that produces the luxury champagne, Veuve Clicquot (Lidberg, 2007).

In 1997, the company was named the Week's Company by IVA (the Royal Science Academy) because of its strong profitability and rapid growth ([www.iva.se](http://www.iva.se)). Inga-Lisa Johansson says this success is due to the company's consistent work attitude that focuses on excellence and development. Lidberg (2007) presents the owners' view of how to run the business with a quote from Inga-Lisa Johansson: "Before we sell something, we make sure we have the right resources and can meet the customer's needs".



"Owner-manager companies can make safer investments than 'risk capitalist companies'. I mean that with more knowledge there will be less risk!" Inga-Lisa Johansson

Inga-Lisa Johansson, CEO and owner of Daloc Ltd. and Group Leader of the parent company Daloc Futura Ltd. She is standing in the new wooden door factory in Töreboda before machinery was installed.

"Owners take responsibility. A successful owner is decisive and specific. An indecisive owner is dangerous", states Inga-Lisa Johansson (Lidberg, 2007). The corporate culture and commitment at Daloc Ltd. have contributed to much of its success. Johansson summarizes: "If something is worth doing, it is worth doing right" (Lidberg, 2007).

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT



Daloc Ltd. is on the left: Daloc Trädörrar Ltd. is on the right. Photo from 2005.

In 1974, Daloc Ltd. began to sell doors in the Danish market. In 1978, the company formed Dörplan Aps with other partners. Six years later Daloc Ltd. purchased all the shares of Dörplan Aps and today the company is called Daloc Danmark A/S. In 1979, Daloc Ltd. had sales of 18.4 million Swedish krona and 69 employees. In 1979, the company also installed a completely automated and remote controlled (by video) painting facility. In the following years, Daloc Ltd. made large investments in both machinery and buildings. One example was a robotized doorframe production facility. In 1987, Daloc Ltd. built the most modern steel door factory in Sweden (at Töreboda). In the same year, Daloc Ltd. developed new designs for safety doors for apartments, schools and hospitals. They launched these new designs at the trade show, Skydd 87. The doors were very successful. In 1988, the company shortened its name to Daloc, which was easier for foreigners. In the same year, the company acquired Daloc Hellbergs Skyddsrum in Mellerud and shelter rooms from JP Sheltec that included parts manufactured by LMT in Trosa. The production facilities that were moved to Mellerud and the factory in Hasselrör became Daloc Skyddsrum. In 1989, the company had sales of 95.7 million Swedish krona and 130 employees.

In 1991, Daloc Ltd. bought a wooden door factory, HS-dörren in Skagersvik, which was moved in 2004 to Töreboda. This purchase increased customer loyalty because Daloc Ltd. was now the only Swedish manufacturer of both steel and wooden safety/fire doors. New machinery was purchased for the factory. In 1994, a painting facility for steel doors was added. Then customers could choose door colors. In 1995 the company received ISO 90001 certification and soon after ISO 14001 certification.



## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

The municipal property company and the municipal administrative staff assisted the company with a property purchase and with sales of buildings in Skagersvik. For some people in the area, this sale was a major change because now they could not cycle home for lunch. A move to Töreboda meant they had to commute.

At this time, as the world began to pay more attention to the company, Inga-Lisa Johansson received various awards for her commitment, motivation, courage and entrepreneurship. In 2000, the company had sales of 283.1 million Swedish krona and 217 employees. The parent company, Group Daloc Ltd, was founded in 2001.

Daloc Ltd. bought Secor Ltd. in 2002 and Orresta Dörr Ltd. in 2003. Both these acquisitions contributed to the company's franchise concept for condominiums in which stairwells were fitted with exclusive wooden doors from the company's range of products ([www.daloc.se](http://www.daloc.se)). When the company moved from Skagersvik to Töreboda in 2004, it manufactured 19,000 doors a year. Today it manufactures around 50,000 doors a year. There are factories in Töreboda, Mellerud and Orrestad, sales offices in Denmark and Norway and the franchise chain Secor Ltd. all over Sweden with offices and exhibition halls in Stockholm, Malmö and Gothenburg. In 2010, the company had sales of 625 million Swedish krona and 318 employees.

The employees have settled where they want to live. They have roots in the Töreboda area as well as families and good neighbors. However, one personnel problem relates to the work shifts. There is a problematic overlap in shifts that has proven difficult to resolve. The company is responsive to such personnel problems; employees can raise their concerns with managers. Employee turnover is rather low and most job openings are the result of retirements. In trying to create a humanistic work culture, Daloc Ltd. has the advantage that many of its employees are related or know each other. The anonymity, typical of larger cities, is absent in Töreboda. Manufacturers who are located in small towns, like Töreboda, benefit enormously from the small-town culture (Lidberg, 2007).



Two different doors in their actual settings

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Inga-Lisa Johansson talks about the importance of the product: “The product is a living being. We keep track of our product investment. That is central. We design, develop, manufacture, market and sell our own products. Besides the product, we have to interact with people and manage our investments. A combination of these is essential”. She also emphasizes the high product quality that is needed to meet safety standards because fire and safety doors can save lives. The manufacture of inside doors can be especially complicated (and risky) because they have the greatest potential to cause deaths. The company sells most of its doors to contractors who are constructing new houses or other buildings. However, the company also sells doors to homeowners who are renovating their houses or who simply want to upgrade their doors with ones that look the same as the original doors (Lidberg, 2007).

The Töreboda location can be a disadvantage when it comes to recruiting qualified, highly skilled personnel. The company would benefit if more people knew about the Töreboda municipality. Today, most of the employees come from the municipality of Töreboda and from neighboring areas. The company has hired very competent people from the larger cities (in Sweden and abroad), but after a while such people often leave. It is more likely they would stay in Töreboda if they had family living there. The people who leave say opportunities for their children are lacking although they admit they like the fact that even small children can cycle or walk safely to school. Furthermore, the parents are dissatisfied with the schools. Johansson says: “I really wish Töreboda had preschools and schools with more of an international flavor”.

The most important resource for the company is the diverse labor force that requires technical knowledge and competence. The company offers internships to students and summer jobs to the children of employees. The company also cooperates with local universities by supporting students in their research. Inga-Lisa Johansson thinks more interaction between the universities and the owner-managers of smaller companies is needed. She thinks most research is somewhat overly focused on larger companies, perhaps because of the management culture in government agencies. She admits it is not always easy for colleges and universities to work with innovative, entrepreneurial companies (Lidberg, 2007).

It is very important for the future of the company that it can continue to employ technically trained people who are multilingual and who have good business sense. It is impossible to say if the company will still exist 10 or 20 years from now. Töreboda’s location can be a positive attraction if it continues to provide relatively cheap and attractive living

accommodation for families, including those who have previously worked abroad. Moreover, improvements in train services will make Töreboda more attractive. So, will more recreational activities for children when family time is limited because of their parents' demanding jobs.

The company can promote the Töreboda brand through its marketing programs that define its corporate identity. The kind of entrepreneurship that is characteristic of Töreboda today and tomorrow may ensure the survival of many companies. Several of these companies have clear growth ambitions. However, some business leaders may consider leaving Töreboda because of the lack of skilled labor and the demand for nicer homes and better schools. Johansson says: "People live here because of the life style that offers a peaceful, quiet life at home. In the larger cities, instead of going home after work, people go to clubs or pubs". In Töreboda, people are more engaged with their neighbors, friends and family. Yet people who were once rather isolated farmers are now joining social and sports associations.

The greatest benefit for the company as far as personnel is concerned is that management does not have to worry about employee dissatisfaction – everyone has a safe and secure work location. The employees remain with the company for several years, which gives them a chance to learn and grow. They can freely suggest improvements to their supervisors. Johansson says she has met manager's at large companies who do not receive feedback from their employees. An excellent example of positive feedback at her company was an employees' suggestion that the company should install parquet floors.

Daloc Ltd. was at the forefront of the standardization movement in Sweden. Many of the largest companies only met the Swedish Standard Quality Class 1 requirements on special occasions. As early as 1967, John Johansson created a door design that met all the Class 1 standards. The company has since been involved in the standardization requirements issued in 1988, the European standards and the 2018 fire standards. Today, the countries in the European Union have different fire standards but this is changing. In the near future products will have to state they meet the European Union standards.

An important issue for the future relates to transportation of people and goods. It is essential that a company can ship its products and receive raw materials efficiently. Today the company sends only 40% of its products to Stockholm; the other 60% are sent to various locations in the country as well as abroad. It is also essential that the employees (as well as visitors) have access to safe and reliable public transportation (e.g., good train services). For example, a designer who lives in Stockholm may

complain about the poor train service to Töreboda. Sometimes personnel have to fly from Skövde to the company offices in Copenhagen or Malmö because the train service is inadequate. Of course, the company personnel have many interactions with people by phone, computer, etc. However, to establish trust, face-to-face meetings are often necessary. When such meetings are not possible, the company sometimes uses its television system to link with people in other areas.

Inga-Lisa Johansson describes her wish for transportation: “I would like to commute to and from Skövde – it takes only 17 minutes. The train should leave every half hour at fixed times. There should be plenty of parking. This would be very handy for attracting people from and to Skövde”. With such train services, more people could commute, the company would have better contact with the University of Skövde, and workers who are more skilled would be willing to work at the company. The company supports various activities in Töreboda. One activity is the Töreboda Festival. Johansson says: “We have always supported the Festival. We think it is important for the municipality. We began in 2002 and are very proud of it”. There are no plans to sell the company. A generation-shift is on the horizon, however. Johansson’s son is now a plant manager in Mellerud. As Inga-Lisa Johansson points out, an advantage of owner-manager companies is that their survival is not at risk when the older generation retires. Daloc Futura Ltd. consists of the following seven companies: Daloc Futura Ltd.; Daloc Danmark Ltd.; Daloc Norge Ltd.; Daloc Trädörrar Ltd.; Daloc Ltd.; Orresta Dörr Ltd.; and Seco Ltd.

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Sales MSEK	302	326	369	401	435	493	540	642	609	625	695
No. of employees	232	241	258	295	295	301	321	324	314	318	343
ROA%	12	11	9	7	9	14	12	16	16	15	15
ROE %	16	12	13	12	13	19	17	45	51	54	66
Solvency %	72	69	62	63	61	69	68	78	77	75	73
Sales/employee MSEK	1.3	1.4	1.4	1,4	1.5	1.6	1.7	2	1.9	1.9	2
Profit/employee MSEK	0.1	0.1	0.1	0.7	0.1	0.1	0.1	1.7	0.2	0.2	0.2

Table 4.12 Facts about Daloc Futura Ltd.

*Summary of Daloc Ltd.*

Daloc Futura Ltd., a group of seven companies, has grown tremendously from its start-up to the present. In the last 10 years, the number of employees has increased by 111 people and sales have increased by 393 million Swedish krona. The company, which began as an owner-manager company, is still owned and managed by the founder's daughter and her son. As owner and CEO, she has a strong commitment to both the employees and to Töreboda. The company has made major investments in the production plants located in Töreboda. The company self-finances these investments. The company has no need to borrow funds. The company is known throughout Europe for its technical expertise, high quality products and leadership in Sweden regarding standardization issues involving security and fire doors. Daloc has invested in a large heating project that supplies heat to two factories where steel and wooden doors are manufactured.

#### **4.5.3 Westerstrand Urfabrik Ltd. – A family company managed by the 2nd generation**

In 1973, Westerstrand and Sons Ltd. was described as one of the oldest and best-known companies in Töreboda (Henriksson and Johansson, 1973). Yngve Westerstrand founded the company in 1906. He began with producing tower clocks and station clocks in 1914. Today the company is a modern company that works with timers and display manufacturing. The company's activities have developed into the production and sales of advanced timekeepers and information systems for business, trade, communications and recreational/sports facilities.

The company began in a room on Main Street in Töreboda with the manufacture of timer replacement parts. Later the company began producing tower clocks and station clocks. In 1936, after the company expanded its factory and acquired new machinery, it changed its focus to wall clocks and pendulum clocks. This was the first company in Sweden to make clocks. In 1941, after the company built a large factory (beside Skövdevägen and the Western Main Line) in Töreboda, it began developing sports arena timekeepers, various other timer systems, etc. The company even made carillons (tower musical instruments) for customers, including the Cathedral in Visby, Sweden, and the City Hall in Kiruna, Sweden. When World War II ended in 1945, the company had about 400 employees. In 1958, the company began producing television sets in a factory on Verkstadsgatan in Töreboda. In 1960, the company opened a branch in Götene where wooden cases for televisions and clocks were made. The company discontinued television manufacture in 1971. During these years, Westerstrand's heirs managed the company. However, in 1983 the company entered bankruptcy.

When Björn Johansson bought Westerstrand's company in 1983, the company kept its original name (called temporarily New Westerstrand Urfabrik Ltd.) and moved its operations to a site on Verkstadsgatan in Töreboda to manufacture time-keeping products for public environments. That company became Töreboda Ur. Westerstrand Urfabrik Ltd., and now has subsidiaries with sales and service offices abroad with new representatives and partners. In the 1980s and 1990s, the company increased its market share, primarily in the European market. In the 2000s, the company successfully expanded to the Middle East and sells railway clocks in Saudi Arabia, Dubai and India. The company has also developed different types of scoreboards, identifiable by its Westerstrand SportsSystem logo, for, for example, large sports tournaments and events

such as the World Cup in Ice Hockey and the European Championship in Handball. The current CEO is Johan Johansson, Björn Johansson's son. When Björn Johansson died in 2005, his widow and four children (three daughters and one son) faced a decision about the ownership and management of the company. Johan Johansson lived in Stockholm where he had studied law. To some extent, he handled legal issues in Westerstrand's Stockholm office, but it had been years since any plans were discussed over future management of the company. Johan Johansson thought his father wanted the company to remain in the family although he had never pressured any of his children to take charge of the company. The father knew that management of the company was a huge responsibility with a very heavy workload.

As the family saw it, they had two choices: sell the company or continue on, with full commitment. They did not consider hiring an external CEO and taking a passive ownership role. Johan Johansson and his sisters, with their mother, decided to keep the company in the family. The three sisters, who had their own careers, declined to take a more extensive role in the company. Therefore, it was up to Johan Johansson, who was already involved in some company activities, to take on the role of CEO.

Johansson soon realized he had taken on a huge responsibility. However, he also saw the challenge. He believed he could manage the company because he had some familiarity with the business (from his summer jobs and from his legal work). He states: "Dad had created something that we wanted to continue. The company was part of our family that we had all grown up with". He says it is difficult to describe the sense of belonging created by growing up in a family business. However, one thing is clear: you want to continue onward. He says: "A family business has an emotional aura – whether good or bad – that is not found in other companies". The next generation has time to think about possible changes if they want the family business to pass on, which was not the case for Johansson whose father died unexpectedly. There was little time to get used to changing into a manager. Nevertheless, Johansson made a quick decision that he has never regretted.

Johansson: "Of course, I was very worried at first how things would go. However, I had the invaluable assistance of the management team and the staff who supported me from the beginning". Now he is comfortable in the CEO chair at Westerstrand. During the nine years he has been CEO, sales have increased, new products have been introduced and the company's market position has strengthened. Johansson's three sisters are company board members and one sister assists with complicated

accounting and tax issues. The family members think the company strengthens their family ties. They are also very pleased that they have saved the employees' jobs as a result of the successful generational shift in ownership and management.

A privately owned family business can create a strong identity, based on a combination of small-town spirit and family spirit. People who work at Westerstrand can see the clocks and display systems they manufacture when they travel and when they watch sports on television. This common pride in their work unifies the employees around their company. Johansson states: "We are not trying to build our identity from the outside – our products are our identity". The internal corporate identity in a family business is based on the long-term perspective of valuing the employees and wants to provide them with job security.

Johansson explains: "We do not slow down for a while when we have fewer orders. We reinvest our profits in the company, we renovate and maintain buildings, we buy new equipment and we never say 'no' to staff members who want further education. We want our staff to see we are looking at long-term ownership of the company". To reinforce the family spirit at the company, various days of the year are celebrated at work: a cake on the anniversary of the company's founding, delicious rolls on Cinnamon Bun Day, candy and chocolate at Easter and saffron buns on St. Lucia Day. These are the kinds of celebration a "real" family has. In addition to holding Christmas parties in Töreboda, the company also organizes trips for the employees that promote good cohesion and reward group effort.

Johansson: "A privately owned family business has a greater opportunity to fund long-term investments and events/activities for staff than companies with outside owners who are interested in the greatest possible return in the short-term".

Employees' children are given opportunities to work during the summer at the company. Several generations of some families have worked for the company. This strengthens the company's historic narrative because it indicates the pride and loyalty the company creates in its employees. Johansson says: "Our customers feel safe with the company because of our company policy, mission and long-term guarantee of quality. We tell them that we will continue, just the same, for the next 30 years."

The most important factor that creates Westerstrand's internal identity is its strong brand with its products that are sold worldwide. The second most important factor is the company's entrepreneurial spirit reflected in the CEO's commitment and innovation. The third most important factor is the location of Töreboda. Johansson: "I



## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

am more committed here than I would be in a normal job. I do not keep regular working hours. Like other owner-managers, I maintain the demanding workload that the CEO position demands”. He adds: “Even if my commitment is significant, it doesn’t match the identity the company has created over many years with its products. Still, my commitment is important for our success”. He also notes, however, that the Töreboda location does not have any special competitive advantages for the company other than that its employees live there.

Johansson: “Töreboda is a fine municipality with friendly people and the association, Swedish Federation of Business Owners in Töreboda; however, the location is not of decisive importance for us but since the staff’s knowledge and loyalty are most important and they like to live here, the location is of importance. As long as we have that, the company can be located anywhere”. He says Westerstrand is identified more by its products than by its association with Töreboda. “Our responsibility is to sell Westerstrand’s products. Töreboda has the responsibility for selling the municipality. However, I think Töreboda could benefit more from us than it does. Our clocks are sold all over the world. Töreboda should mention that fact whenever they can”. He thinks promotion of the Westerbrand clock brand by Töreboda could increase tourism and even attract other companies to the area: “If a company based in Töreboda can sell clocks worldwide, other companies can also succeed if they base their operations here”.



“The company has a 100-year old history and is well known worldwide. People are quite interested to learn the company’s headquarters are in the small municipality of Töreboda, in mid-Sweden.”

Johan Johansson, Owner and CEO and Sören Birgersson, Production Manager

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT



Graphic display that welcomes visitors to Westerstrand in Töreboda.

“One can simply say we manufacture and sell clocks and timers and provide services such as information boards” – Johan Johansson, CEO.



Examples of clocks manufactured by Westerstrand

The Töreboda location can sometimes cause hiring problems for the company. The reason is partly that it is difficult to find suitable staff in the area, partly that people do not particularly want to move to Töreboda and partly that people do not have roots in the community. Töreboda, however, is an important local employment resource. The education system has improved and is better suited to the needs of the companies in the area.

The company's most important resources are its employees. The company must hire very technically skilled people who are knowledgeable about the products. The education and training in the area is a needed resource for the recruitment of such people. Good transportation to Mariestad and Skövde is also needed to attract staff from other towns to Töreboda. Another resource is a strong capital position so that the company can operate in the long term. A reliable energy source is also important

because the company uses electrified machinery in nearly all areas of production.

This combination of resources is vital for the future of the company in its present location in Töreboda. Sören Birgersson, Manager of Production, states: “It is difficult to hire people with the right training. However, the company must continue to recruit staff in order to survive. The municipality is losing young people who have to move to find a job. The area and the companies may die”.

Today Westerstrand Urfabrik Ltd. has about 70 employees and is part of a group called Technocraft Ltd., which is 100%-owned by the Johansson Family. The company’s headquarters and production facilities are in Töreboda. However, the company also has offices in Stockholm and Örebro plus subsidiaries in France (two employees) and Belgium (five employees). The company maintains its focus with the use of up-to-date manufacturing methods, modern displays and innovative products. All development and manufacturing takes place in Töreboda with the use of modern equipment. The company’s major customers include hospitals, schools, factories, railway companies and stadiums. Westerstrand currently works closely with its major partners, both nationally and internationally. These partners include Pelco in Finland, FA Schauf in Germany, Thales in Portugal, plus Elektroskandia, Solar, Trafikverket and many others. The company, which also produces software for timers in computers, has a sister company that develops time measurement programs.

The company’s competitors have varied over the years because many other companies do not have the special expertise that Westerstrand has. However, competition may increase from two companies that have a similar tradition: Bodét in France and Moser Bear in Switzerland.

The company's management sees a positive future for the company and expects it to exist for at least another 10 or 20 years and to this end, the company has also planned its generational shift. In the future, the products must remain competitive in terms of technology and price. As far as the Töreboda location, its benefit for the company brand is somewhat limited. Rather, the company with its long history strengthens the Töreboda location. The company's management thinks a location’s brand is strengthened when it can point to the presence of a successful company. Westerstrand, for example, strengthens the Töreboda brand. The company is very willing to cooperate with the municipality if Töreboda wants to use the company in its marketing programs.

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Both Johan Johansson and Sören Birgersson think Töreboda, now and in the future, is well suited as a site for manufacturers, both small and large and for small companies in trade and services. Tourism in Töreboda could also be developed to some extent. They expect that Töreboda will not be so different in the future. Westerstrand Urfabrik Ltd. has no plans to relocate because the owner-manager does not think another location would add much as far as development and growth. Moreover, he wants to retain employment in Töreboda for those who do not wish to leave.

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Sales MSEK	55	53	57	56	54	56	58	62	60	70	64
No. of employees	79	79	81	76	78	74	72	71	68	70	71
ROA %	11	6	5	6	5	9	9	14	4	9	7
ROE %	2	9	6	9	7	12	13	13	4	5	6
Solvency %	59	62	68	70	72	70	71	74	76	76	73
Sales/employee MSEK	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.9	0.9	1	0.9
Profit/employee MSEK	0.07	0.04	0.03	0.04	0.03	0.04	0.04	0.08	0.03	0.05	0.04

Table 4.13 Facts about Westerstrand Urfabrik Ltd.

*Summary of Westerstrand Urfabrik Ltd.*

The company's products are well known in Sweden and in other parts of the world. The company is also well known in Töreboda because of its long history and its involvement in the municipality. During World War II, the company was at its peak when it provided employment to almost anyone who wanted work. Several generations of some families have worked at the company. When the company's employees travel in Sweden and abroad, they see the company's products in many locations and venues. In the last 10 years, the company reduced the number of its employees by eight people although its sales increased by 9 million Swedish krona. The company's CEO (the owner-manager) and its plant manager are very engaged in the local community. The company has solid financial strength and good profitability, in part because it self-finances its investments.

#### 4.6 The three companies at the aggregate level

This section presents and analyses the three companies at the aggregate level, including their relationships with each other. All the companies have headquarters in Töreboda, with subsidiaries and sales representatives in other areas and countries (source: the companies' annual accounts from 2011).

Company	Age of companies	Sales MSEK	No. of employees	Sales per employee MSEK	Profit per employee MSEK
Daloc Futura Ltd.	70	695	343	2	0.2
Westerstrand Urfabrik Ltd	83	64	71	0.9	0.04
Hermanders Ltd	22	34	29	1.2	0.1
<b>Total</b>	<b>175 yrs</b>	<b>793</b>	<b>443</b>	<b>1.7</b>	<b>0.1</b>

Table 4.14 The three studied companies: company ages (Year 2011), sales, number of employees, sales per employee and profit per employee

Daloc Future Ltd., is the parent company with subsidiaries in Denmark and Norway. Westerstrand Urfabrik Ltd. has subsidiaries in Belgium and France, Hermanders Ltd., although based in Töreboda, is owned by Laio Metall Ltd., which has its offices in Lessebo, Sweden. The companies' combined ages of 175 years is a good indication of their deep experience, their history of production and their market presence. Two companies (Daloc and Westerstrand) especially feature in Töreboda's history. As Polesie (1991) observes, an analysis of a company's time horizon helps us understand how companies develop their corporate and local identities and brands.

The three companies combined employ 443 people in Töreboda. According to the European Union's definition of small and medium-sized enterprises [SMEs] (employment of fewer than 250 persons), Daloc is not an SME but the other two companies are. It is impressive that these three companies are able to provide this many jobs in such a small municipality as Töreboda. Even though Töreboda has other

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

manufacturing companies/industries, these three companies excel in the creation of employment opportunities in this small rural area as well as abroad since they also have local offices in other countries. All three companies have marketing programs that are in tune with their surroundings. Daloc Ltd. is a leader in the manufacture of security doors and works closely with the standardization requirements set by the European Union. Westerstrand Urfabrik Ltd. is one of four manufacturers in Europe in its field. Hermanders Ltd. is one of four producers of steel pressure turning in Sweden. Through specialization, the three companies create conditions that allow them to compete globally in internationally competitive markets. A summary of the companies' ages (Table 4.15) reveals their long tradition of competence.

<b>Company</b>	<b>Ages of the companies</b>	<b>Total</b>
Daloc Futura Ltd. (founded Daloc Ltd. 1984)	70	70
Westerstrand Urfabrik Ltd. (bankrupt 1983, divided into two companies: Töreboda Ur and Westerstrand Urfabrik)	83	153
Hermanders Ltd	22	175
<b>Total</b>		<b>175</b>

Table 4.15 The three companies' ages

Hermanders Ltd. is the youngest company of the three and Westerstrand Urfabrik Ltd. is the oldest with the ages ranging between 22 years and 83 years, with a mean age of 58 years, which is equivalent to almost three generations. The companies, which have existed for many years, have all encountered problems arising from such events as bankruptcy, acquisitions and expansion. However, the companies have survived and have essentially maintained their initial positions and even in times of fierce competition they continued after restructuring and streamlining. The three companies still have their main operations in Töreboda where they were founded. The number of employees at the companies is a simple metric to trace company growth over the years. Table 4.16 shows the comparative sizes of the three companies.

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

<b>Company</b>	<b>Employees</b>
Daloc Futura Ltd. Group	343
Westerstrand Urfabrik	71
Hermanders Ltd	29
<b>Total</b>	<b>443</b>

Table 4.16 The three described Töreboda companies ranked according to the number of employees (Year 2011)

One of the three companies have 29 employees and another is approaching 100 employees. The largest of the three companies has 343 employees. All three companies have owner-managers and two of them have employees at subsidiaries in other countries. The three companies have a total of 443 employees, nearly the equivalent of two SMEs (measured according to the European Union’s definition). Sales per employee and profit per employee indicate the amount of sales revenue and profit each employee generates. These metrics can be used to make comparisons with competitors and with industry averages. A typical goal for a Swedish manufacturer is a million Swedish krona in sales per employee.

<b>Company</b>	<b>Daloc Futura Ltd. Group</b>	<b>Hermanders Ltd.</b>	<b>Westerstrand Urfabrik Ltd</b>
No. of employees	343	29	71
Sales MSEK	695	34	64
Sales/employee MSEK	2	1.2	0.9
Profit MSEK	81.6	3	2.8
Profit/employee MSEK	0.2	0.1	0.4

Table 4.17 Companies’ sales per employee and profit per employee

On ranking the companies by sales per employee, Daloc Futura Ltd. Group is far ahead of the other companies. At 2 million Swedish krona per employee, it has twice the average sales per employee, compared to the other two companies, which have 1.2 million and 0.9 million sales per employee. The Daloc Futura Ltd. Group has the strongest profit profile per employee but the profit per employee in the other two companies is also strong, relative to the number of employees employed.

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Three other key figures are useful for making comparisons between the companies: Return on Assets (ROA), Return on Equity (ROE) and Solvency (see the beginning of this section for the calculations and implications of these key figures). As a rule of thumb, manufacturers require a minimum solvency percentage of approximately 30%. Investors' requirements for Return on Assets and Return on Equity vary, but most investors expect a long-term return, substantially more than bank interest rates, to compensate for the risk they have taken.

<b>Company</b>	<b>Daloc Futura Ltd. Group</b>	<b>Hermanders Ltd.</b>	<b>Westerstrand Urfabrik Ltd.</b>
ROA %	15	20	7
ROE %	66	34	6
Solvency %	73	55	73

Table 4.18 ROA, ROE and Solvency of the three companies (2011)

All the companies have Solvency percentages that exceed the 30% recommended percentage. Daloc Futura Ltd. and Hermanders Ltd. in particular have the financial strength to operate for a long time, including the ability to weather economic downturns, better than many companies with weaker financial structures. Companies with strong equity positions, built up over long periods, can make investments without having to borrow from outside financiers. Such companies have an edge over competitors because they do not have to spend time on loan negotiations and can avoid costly interest charges. In addition, the owners have not taken dividends from the companies, choosing instead to reinvest profits. The three companies are examples of firms embedded in a non-urban region; they are members of the KRAFT Group which represents larger companies in the region.

*Summary of the KRAFT Group and Töreboda Municipality  
in numbers*

In 2012 the companies in the KRAFT Group in Töreboda had 964 employees and sales of 1 800 million Swedish krona. In the same year, the Töreboda municipality celebrated 43 years of service, had 925 employees and an income of 297 million Swedish krona. The companies, all of which are manufacturers, have successfully created unique niches with their production methods, products and technical expertise. Despite economic downturns, they have withstood competition in national and international markets. The companies' products, resources and employees are highly



visible in the small municipality of Töreboda. Business leaders, politicians, municipal officials and employees can observe their actions and investments. It is evident to all that the companies generally have good or sufficient sales and are self-financed.

#### **4.7 Local involvements in the three companies in the Töreboda region**

These three described companies jointly contribute to the local identity associated with Töreboda. Their factories and workplaces represent the industrial development in the municipality and in the area. Next to their employment opportunities, we find other examples that reflect the companies' local impact, such as property construction and renovation and their involvement with and support of local activities/events. In order to understand how the firms are generally unified, the next section describes concrete examples of the private-sector's involvement in public regional pursuits.

Daloc Ltd. has invested in a large electric plant that supplies two of its factories that manufacture steel and wooden doors. This plant, which cannot be relocated, provides an efficient energy source that is not likely to be found elsewhere. The municipal leaders in Töreboda have assisted the company with the regulations and requirements that facilitated the construction of the plant.

Daloc Ltd. has also invested in a building along the Göta Canal for its showroom and headquarters, an exhibition of production in former times, plus a very modern lecture hall and a kitchen facility for use with factory guests. Labor is specialized in Töreboda – in manufacturing in general as well as in the handcraft of spinning “where people hang in harnesses and work” (according to Kerstin Söderberg, Chair of the Swedish Federation of Business Owners in Töreboda, with reference to Hermanders Ltd).

The Daloc Cup (for ice hockey, swimming and horse riding events) is awarded to young people, both in Töreboda and in neighboring Mariestad. Daloc's commitment to young people's leisure activities also extends to the children of the employees in the two municipalities. These sports competitions have existed for many years and are very popular. Daloc Ltd. also sponsors the Mariestad swimming competition. Hermanders Ltd. has purchased companies in Småland and moved its entire production to Töreboda because of the specialized workers who live in the area. These investments have helped make the company a leader in metal

working in Scandinavia. Although the Töreboda Festival began as a private initiative, Daloc Ltd. was one of the first companies to support the Festival as well as other community initiatives. Today thousands of people (residents and tourists) patronize the Festival.

The Töreboda Festival has a clear identity perspective but lacks a growth perspective. Therefore, Töreboda cannot depend on the Festival for its development as a business community. However, Töreboda could grow by emphasizing its brand as a strong business location with industrial projects that show its companies offer good employment opportunities. This kind of project should be conducted at the meso-level (Bronfenbrenner, 1979; Glete, 1994) in which a municipality and a not-for-profit organization create a common platform for joint ventures. Such projects allow both companies and municipalities to attract outside attention. At present, the municipal leaders in Töreboda are considering an initiative to build a business hotel. This idea appeared on the development agenda after the workshops in the spring of 2013.

Companies can, in cooperation with municipalities, implement designed projects such as the Töreboda park bench project. The 12 benches, with designs featuring the local companies, were erected along the Göta Canal in the summer of 2014. Of importance is that employees' corporate identity is connected with tradition, pride and history and not just with their jobs. Such an identity can last through the generations of people with a close company relationship (Rosengren, 2010).

It is clear that the corporate identity is deeply interconnected to the products, such as the safety doors and the clocks manufactured in Töreboda, as well as to agriculture, trade, education and healthcare/social care. Töreboda's Growth Program (*Tillväxtprogram*, 2007) describes this idea in terms of development in the municipality. Daloc Futura Ltd. has a beautiful showroom along the Göta Canal with six rooms, a conference training facility and a fully equipped kitchen. Lena Tilstam, who was appointed Municipal Business Life Developer in 2014, described a discussion about the possibility of Daloc Ltd. using or hiring the building the municipality wanted to develop. This is an example of how business and a municipality can cooperate to advance the interests of both.

The tertiary or not-for-profit sector is very large in Töreboda. At least 88 associations are registered ([www.toreboda.se](http://www.toreboda.se), accessed 2014-12-06). In various ways, local companies sponsor many of the associations that provide leisure activities for the residents, company employees and their children and other stakeholders in the municipality. Töreboda has also made significant recent efforts toward the expansion of housing that began in the 1970s. Industrial land and construction sites have also been made

available for companies. The municipality has taken steps to develop the links further with industry by, for example, appointing a full-time industrial-municipal manager in 2014; previously this was a part-time or 60% position.

#### **4.8 The companies' resources in the Töreboda region**

The three companies have sufficient factory, warehouse and office space in Töreboda with relatively low property prices (or rents) compared to the rest of the country. The companies are in close proximity to the municipal services, for assistance from the Municipal Manager and the Municipal Business Development Manager. The latter spends about 20% of her time on business issues and the rest on planning, property and educational type issues. Töreboda's branding and identity has been developed through the so-called Vision project that was introduced by the municipality officers, including the Töreboda Festival. The interventions introduced by the author of this thesis are helping strengthen further efforts to find a common brand and identity projects for the public and private sector. The companies support the Festival and encourage the employees and their families to participate in its organization.

Considering the business life and the development of Töreboda, it would be strategically important that the municipality maintains its close contact with industry representatives (directly with the owners and or indirectly in business associations and organizations). Decision-making in the municipality seems to require specific knowledge about economic conditions. The not-for-profit intergroup for business alliances and cooperation in the municipality is useful for coordinating efforts, resources and ideas involving common investments and the pursuit of goals. Two examples are the two business associations, the KRAFT Group and the Swedish Federation of Business Owners in Töreboda. These associations bring the company owners/managers together so that they can discuss matters of common interest and concern as well as assist with various business problems such as support of competent personnel in the municipality. The KRAFT Group, which has a regional function, covers the northern part of the Västra Götaland region. Table 4.19 presents an overview of the members in the KRAFT Group and employees of the Töreboda municipality

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

<b>Company information for 2012</b>	<b>Company age</b>	<b>Sales MSEK</b>	<b>No. of employees</b>	<b>Sales per employee MSEK</b>
Daloc Futura Ltd. Group	70	695	343	2
Westerstrand Urfabrik Ltd.	83	64	71	0.9
Hermanders Ltd.	22	34	29	1.2
Elicom Ltd.	26	69	43	1.6
Moelven Töreboda Ltd.	89	302	142	2.1
TM Automation Ltd.	20	17	14	1.2
Törbolack/Prorator Ltd.	28	4	4	1
Ltd. Conny Green	12	0.2	2	0.1
Källbergs Industrier Ltd.	60	320	80	4
Clean Production Ltd.	38	73	20	2.6
NIMO-Verken Ltd.	44	136	93	1.5
Ltd. Zinkano	15	30	37	0.8
Hanza Mechanics Sweden Ltd	4 purchased in 2010 from Elos Precision (founded 1923) (91 years)	129	86	1.5
<b>Total</b>	<b>598</b>	<b>1 800.2</b>	<b>964</b>	<b>2.25</b>
<b>Töreboda Municipality residents Source: SCB 2011</b>	<b>43</b>	<b>297</b>	<b>925</b>	<b>0.3</b>

Table 4.19 Companies in the KRAFT Group and the Töreboda municipality (Year 2011)

The significance of the Töreboda location to the companies was mainly logistical, related to the transportation provided by the Western Main Line and the Göta Canal. Nowadays, the train line is still important for delivery and shipment of goods. However, the Göta Canal has changed logistically and become a tourist and nature attraction. Today, the balance between a tourist attraction and an effective logistic transport hub must be retained – in most people’s views – for future generations.

## 4.9 Summary of key actors in Töreboda

Chapter 4 presents a historical overview of the municipality of Töreboda, plus a description of its current situation as expressed by municipality officers and politicians. The Töreboda Festival, as a cultural event, is considered to be an illustration of how informal networks and partnerships promote this ‘identity-reflecting’ local event. Descriptions of the two main business organizations in Töreboda are then presented: The Swedish Federation of Business Owners in Töreboda and the KRAFT Group. The members of the KRAFT Group are briefly introduced. The chapter also presents in-depth descriptions of three companies: their histories, owners’ ideas and outlook, and their financial performance over a 10-year period. The three companies are Hermanders Ltd., Daloc Ltd. and Westerstrands Urfabrik Ltd.

The chapter ends with a presentation of various notable illustrations of the private-sector actors’ involvement in Töreboda’s public life and identity. Clearly, the companies in Töreboda have both *internal* and *external* resources at hand. The internal resources are based on a long historical tradition of local ownership, manufacturing and development of skills. The companies have made investments in factories and heating systems, acquired other companies, and sponsored local sports and cultural clubs and events. The municipality has tried to take the needs of business activities into account and has hired (in 2013) a full-time Municipal Business Developer. It is against the backdrop of this and related regional activity that the two workshops were held in 2013: with the purpose of sustaining and enriching this local area’s economic viability.

Note that no public-private workshops have been held in Bergamo and Aix-en-Provence (see, Appendix V), plus the relative effect of the two Töreboda workshops could not be established. In hindsight, the follow-up or post-workshop actions in Töreboda (see, Table 3.1) could be best understood from a local-logistic perspective. If such tables were to be drawn for other European rural areas, we might see how new opportunities can be created if informal public-private collaboration are taken seriously by all parties to help local firms flourish. Although it is difficult to measure the precise effects of such collaboration (given their local future-possibility type of character), it is reasonable to assume that similar collaboration elsewhere would provide access to more resources and assembles greater problem-solving capabilities. As shown in Töreboda, these collaborative efforts seem necessary for the revitalization and preservation of such a local context.

## 5. ANALYSIS AND INTERPRETATION OF RESULTS

This chapter discusses the results of the empirical research. Its purpose is to contribute to the development and elaboration of the theory. The Action Research Design (Sein et al., 2011) and associated methods were used to answer the key research question of this thesis: Is it feasible to stimulate informal collaboration among non-urban firms and local public- and other private-sector actors, whereby they jointly strengthen the competitiveness of these firms?

The research for this thesis shows that it is feasible to bring local governmental and business type actors together to discuss future issues of mutual interest. The open dialogue in the two workshops of this research allowed representatives of the various local groups to cooperate, to demonstrate trust in each other and to plan specific actions that benefit not only themselves but also the future of the people they employ and serve. This research thereby shows the power of a firm's 'resource location', as being potentially connected to other firms' resources and as an explanation of its potential competitive advantage: in addition to the many other *external* factors (Porter, 1980, 1985). To retain loyal and well-skilled employees in owner-managed, private companies in today's non-urban business environment (that is characterized more and more by mergers, take-overs, outsourcing and job relocation) is a huge challenge. This research identifies a number of initiatives that non-urban companies and a small municipality can take as they work jointly to solve community problems related not only to depopulation but also to immigration and industry challenges due to globalization and hyper competition.

Companies and municipalities in similar regions or situations may learn from the initiatives described in this thesis. According to Van Maanen and Barley (1984), companies and municipal representatives can work together toward development with loyalty and innovation as key connectors. Töreboda's Growth Program offers a good example of this kind of public-private collaboration (Töreboda kommun, 2007). Such informal public-private collaboration can be understood as an external resource for the companies embedded in any given non-urban context, where good usage of the VRIO framework's *internal* resources must be paired to *external* resources, including local collaboration (Basu, 2001; Danish Government, 2012; Das and Teng, 2000; Lavie, 2006; Pirani and Reizes, 2005; Schröder et al., 2014). In this study, we do not only use the VRIO framework (Barney, 1991; Barney and Hesterly, 2008) and Relational RBT (Das and Teng, 2000; Lavie, 2006) but also the so-called "Business in

Motion” model. Moreover, the Triangle model (Jansson, 2012; Polesie, 1991) is integrated and illustrated as well, in which there is constant circular movement of a set of local actors that represent various economic actors (in all sectors) relevant to a region. In these models, “location” is added to the factors “capital”, “product” and “people” as they work together in more or less informal public-private collaboration (Das and Teng, 2000; Trafford and Proctor, 2006; Weintraub, 1997). The original VRIO criteria are used for a better understanding of how companies may work differently if they are located in a non-urban area (Andersén, 2005, 2011; Barney, Wright, and Ketchen, 2011; Kraaijenbrink, Spender, and Groen, 2010; Priem and Butler, 2001, Teece et al., 1997).

## **5.1 Main findings**

The Relational RBT in which public-private collaboration and the VRIO framework are used together, can be viewed as an aid elaborating the theory. The results in this thesis show that it is feasible that a company can co-control a valuable resource if it works informally with other local public and private/third sector actors. A healthy sharing or co-controlling of resources with other actors may even become of a competitive advantage. Of course, the effects on regional development must not be overestimated; they can be attributed surley also to other factors. The results of this thesis study show that it is feasible to use collaboration as a method for making use of more *external* resources for firms that normally merely control their *internal* ones. This can be illustrated by the effects that are very loosely attributed to this P.A.R intervention in Töreboda.

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

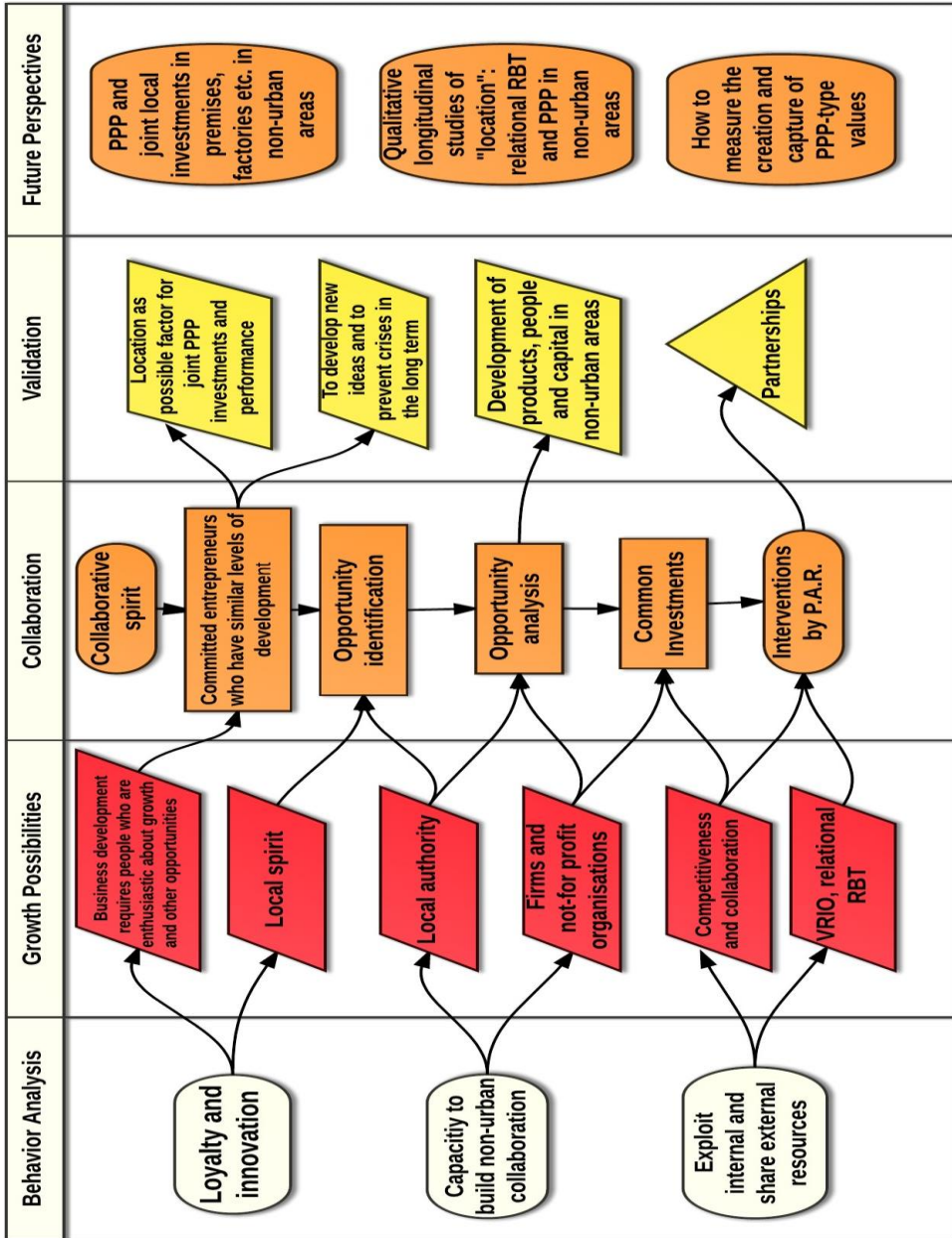


Table 5.1 Summary of assumed relationships in regional to collaboration between firms and local partners in a non-urban Swedish context



Next, I sum up the key elements of this feasibility study, without intending to draw causal links (see, also, Table 5.1).

- Non-urban firms that show good usage of their valuable, rare, immobile and organizational *internal* skills and, at the same time, “exploit” their *external* actors well can create additional resources for themselves. This result is important since it gives direction on how to adapt Relational RBT to public-private collaboration settings with the aim of expanding the RBT. In informal collaboration, the bargaining power of firms and their rent distribution among allied actors can be strengthened (Porter, 1980; Lavie, 2006). Since resource sharing between firms already exists and the additional sharing of resources between firms and public bodies are increasingly emerging, more adaption, of the Relational RBT to the informal Public-Private Partnership literature and practices seems feasible via various interventions such as the one illustrated in this thesis.
- Informal collaboration among public- and private-sector and not-for-profit organizations in non-urban regions seems crucial for common investments and other possibilities to help a non-urban region develop economically.
- The collaboration between the public and the private sectors can create or lift a common spirit (Wigren, 2003) and a shared identity. P.A.R. interventions with stakeholders from the public-, private- and not-for-profit sector can create common goals and plans for shared investments initiatives. The action research or intervention, where representatives from the public, private, third and research sector interacted, has had some practical impact and it can be seen as a (policy-type) intervention as well as a research method to help develop other non-urban areas (Ewards, 2002; Lewin, 1976; McIntyre, 2008).
- The stability of market conditions when developing a non-urban area is crucial. In contemporary strategy and entrepreneurial research, the impression is that entrepreneurship, including the renewal and developing of dynamic capabilities, is of great importance, but in this study the stability and/or “inertness” in the non-urban context shows many advantages. Employees do not tend to move around as in urban areas, for example, and they seem eager to create and embrace possibilities for organizational learning over time. In such a stable regional setting, I have shown that new strategic resources can be generated in a specific context where the

local knowledge and skills are highly valued in combination with other critical external resources for the firms.

The collaboration between private and public/third sector actors in this context shows how it can be feasible to develop common strategies together, with benefits especially for local firms and the region's future population.

The intervention was one way to show how collaboration could be useful and feasible to make more resources available for more firms when they cooperate. This thesis proposes that RBT and its so-called VRIO framework (Barney, 1991, 2002; Barney and Hesterly, 2008) can be used and extended to firms located in a rural region. The extension is about collaboration for the benefit of non-urban areas with limited resources (Das and Teng, 2000; Lavie, 2006). It is my view that creating active (in)formal public-private partnerships or collaboration in those types of regions will help in building up experiences and thereby lead to a better understanding of how such types of collaboration can be used most effectively. Therefore, when addressing the competitive potential of non-urban firms and the capability of a similar region or context, the specific company conditions of the location and the quality of (future) public-private sector collaboration should be considered.

Cooperative excellence between actors of the public, private and tertiary sectors is seen here as a possible solution for common problems shared by private companies, other organizations and municipalities in the studied type of context. The present empirical study of Töreboda describes the public-private initiative as investments from the public and private sectors in buildings; factories; heating systems; logistical and other non-urban Swedish developments.

## **5.2 Municipal level**

I focused in this thesis especially on three Swedish company cases within one Swedish non-urban region. The two other, foreign regions (in Appendix V) merely illustrate that non-urban problems also surface in the rest of Europe, and thus not only in a northern country. Those two other non-urban regions illustrate that many more areas in Europe share the same background, challenges and opportunities. The issue of non-urban areas is important in Europe, especially as urbanization is a huge trend, this thesis shows the feasibility of positive non-urban development.

In this research, various groups of people in Töreboda discussed the municipality's future needs, concerns and opportunities. These groups reviewed the problems during the two workshops and offered

serious solutions. A declining population is one of the most pressing problems in Töreboda. According to Johannisson (2000), this problem is closely associated with rural settings and societal change. Investments were required in logistics and transportation, training, infrastructure and other areas in the region, including housing.

After the dialogue and discussion in the two workshops, three possible future scenarios for Töreboda were developed. When the process leader presented the three scenarios at Workshop II on the possible future of the region of Töreboda, the participants chose Scenario 3 as the best alternative. In this scenario, the municipality and the companies invest in development, skills, housing, etc., so that Töreboda develops in the manner needed to sustain and increase its population. Achieving such possible outcomes needs individuals to commit to the necessary activities and for them and others to see that their efforts are meaningful (Weick, 1995; Wenger, 1998).

Töreboda needs to attract highly skilled employees. Therefore, the municipality is to provide more incentives and opportunities related to the arts, other cultural activities and fashion, as well as offer opportunities to participate in local politics. Although Töreboda has beautiful and inviting natural surroundings for boating and hiking, other recreational possibilities would benefit the residents and attract more tourists. Innovative help could come from working with universities and research institutions, e.g., for more patent applications (Kaiser and Kuhn, 2012). The Töreboda spirit, which is not as well-known as the Gnosjö spirit described by Wigren (2003), is found among the residents and companies. The Töreboda spirit is expressed in the current business culture in terms of how people work well with others in firms embedded in their local community. This special or combined resource can be seen as part of the VRIO framework. The spirit in Töreboda is seen by the inhabitants as a resource and a strength as: “The sum of the attitudes, rules, institutions and skills among the entrepreneurs and the enterprise community” (Töreboda 2007 Growth Program).

### **5.3 Firm level**

Companies' resources consist, in part, of the people who live and work in a region. The industrial expertise the companies in Töreboda have acquired, which is difficult to imitate, is also a viable resource. Similarly, the fact that the companies are well established in this location means they (and their employees) are unlikely to relocate soon to other locations. Other built up resources are the factories, the heating and energy supplies and the

transportation logistics, all of which are difficult to imitate elsewhere at a reasonable cost. Another resource is the ownership structure of the companies: the three key companies (Daloc Ltd, Westerstrand Urfabrik Ltd. and Hermanders Ltd) are privately held and owner-managed, not only over the 10 years documented by this study, but during the lifetime of their existence. All these resources contribute to the companies' competitive advantage in their industries. In short, the companies seem to benefit from the relative permanency of their location, even though they themselves are in constant motion as they adapt, grow and compete in an increasingly larger and dynamic business world.

Companies in Töreboda have also combined their resources; one such resource is the immobility of the labor force. It is considered as a strength in this non-urban area, since it is problematic to recruit well educated personnel to move to the area. According to a study by Wiggins and Ruefli (2002), only one of the 200 companies they studied was able to create a long term competitive advantage through combining resources. There is little evidence from other studies of very long term firm profitability, given that business-configurations often change incrementally. Also, companies in urban areas can have problems to manage a high profit, each year. There is a lack of longitudinal-RBT studies. Hence, it is a challenge to understand how the VRIO framework may be extended through different combinations of *internal* and *external* resources: to help build unique competitive advantages. Over time, the combinations may change, as exemplified by Töreboda where a new generation has taken over firms and, due to global competition, has added new techniques into the production and development of their products.

With commitment and entrepreneurial spirit, companies can thus co-develop a given physical business location. Jansson's (2012) study, besides dealing with ownership issues, describes how management and employees worked closely together to create an entrepreneurial spirit, paired with high levels of competence and loyalty to a local company. The three companies in Töreboda, which are owner-managed, also reveal a strong commitment to the location; to the employees; and to further-company development.

The powerful business attitude of the companies and inhabitants in Töreboda derives from the loyalty, knowledge and expertise of the companies' owners and employees. The entrepreneurial spirit is very strong in Töreboda. Both companies and people have deep roots in the community. Although globalization challenges the Töreboda companies, many of them sell their products internationally and they are prepared to

meet the accompanying challenges. To this end, they are supported by local business organizations and by the municipality.

Largely, the commitment of company owners and their employees are the forces that overcome obstacles, develop new ideas and manage crises in the long term. They tend to engage in continuous analyses of costs and benefits when looking for the best ways to develop their projects (Iossa and Martimort, 2012). For example, when Hermanders and Westerstrand experienced bankruptcy some years ago, they were saved by the dedication and courage of their employees. In fact, all the employees at Hermanders borrowed money in order to restart the company even though they did not want to own the company. The local banks were supportive when other family businesses acquired the company in order to save jobs and to continue with the metalworking activity.

The owners demonstrate their commitment to their companies by investing time and money, not only in their products but also in their employees and their families and in business associations which is a characteristic of solid entrepreneurship (Johannisson, 2005). The companies offer employees more than a job and a workplace. They offer the employees a chance to be part of a company identity, given its high quality products, long history and strong community involvement.

They engage in dialogue with the local officials in key areas such as education, logistics and communications. Regarding investments in infrastructure, especially in the railroad, there is a need for long-term commitment by the municipality, especially as Töreboda is still a transport hub (Hodge and Greve, 2007).

The employees are proud of their professional association with their employers. In fact, many employees and their relatives have worked for years at the companies. Their neighbors and friends also work at the same companies. This pride is, furthermore, often found in business collaborations where different groups work together (Wigren, 2003; Johannisson, 2005; Van Maanen and Barley, 1984). Company and business development requires people who are enthusiastic about growth and other opportunities (Tönnies, 1957). Such people influence others and it is necessary that employees and owners work together at this meso-level of organizing a population (Glete, 1994). In Töreboda, the key enthusiasts are a group of committed entrepreneurs who have similar levels of development and are highly ambitious for their companies and for the best of the community of people in the region and/or municipality (see, also, studies by Johannisson, 2005 and Tönnies, 1957).

The model “Business in Motion”, Figure 4, shows that capital, people and products can be understood at two levels; the company

and the municipality. The companies are embedded at the regional level and both the regional and company levels can add to firms' and regional competitiveness. In other words, turnover and profit, employees and goods/services are the backbone of company competitiveness. The model can be used for analyzing any location. The model shows the situation at a specific time, where firms and a municipality are presented. The similar size of the public and private employers in Töreboda shows how dependent they are on each other for further developments in this non-urban region. Figure 4 illustrates the situation in Töreboda with respect to total number of employees, turnover and what products are most important in that location.

The model shows a fixed year where the biggest employer is presented and what main products and/or services they are manufacturing. This overview shows how adding the VRIO framework, the Relational RBT with its collaboration and combinations of resource utilization is fruitful whereby the models aid in understanding how a non-urban firms can flourish economically.

The local authority, Töreboda, in concert with other actors, is going to develop a strategy now for spatial design and local development with private businesses: based on the intervention of Workshop I and Workshop II. The planning of future investments is of great importance; small municipalities have to develop investments step by step due to their often restrained financial situation (Baas and Bones, 2004; Brorström, 2010; Gibson, 2006; Ostrom, 2014, Shaw, 2011; Vargo et. al 2008). Clearly, both public- and private-sector actors can be involved in creating collaborative excellence (Basu, 2001; Danish Government, 2012; Pirani and Reizes, 2005; Schröder et al, 2014). This thesis aimed to develop a better understanding of the use of the available resources, especially for the companies but also for the other local partners in this context.

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

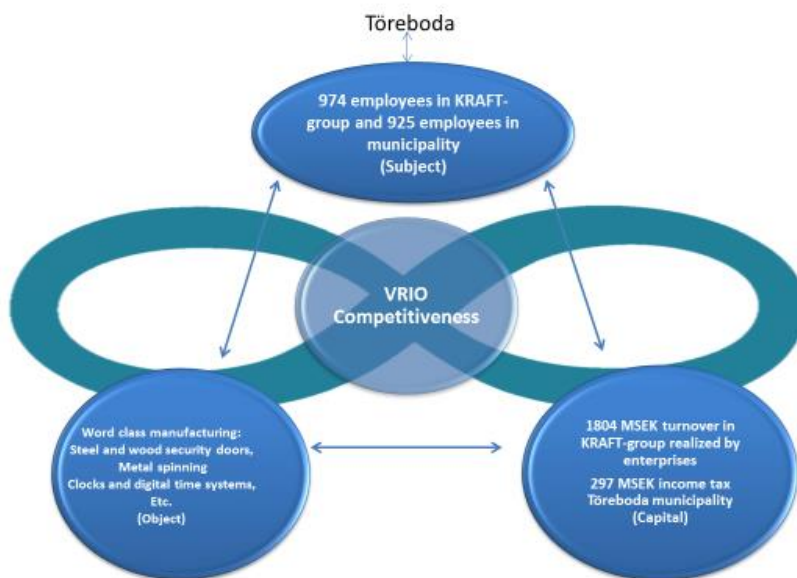


Figure 4 Business in Motion in Töreboda Year 2011

Ownership of some companies in Töreboda has changed over time (Glete, 1994). Moreover, it is not clear that later generations will continue with some of the companies. The municipality affects its companies in ways that their basic needs can be fulfilled where land, water, electricity, logistics etc. can be developed and sold for a good price, making the investment possibilities as profitable as possible. In order for a municipality to develop, the companies have to flourish and in a non-urban area, productive informal collaboration are needed, between the companies and then between the companies, their local business associations and the municipality: via (in)formal public-private collaboration. Several companies in Töreboda have already been sold to large, foreign corporations that have no connection to the location other than as a manufacturing site. Hence, the social value of a location is potentially powerful due to its impact on both public- and private-sector actors. The combined resources available in both sectors are shown; they are situated in a rural or non-urban location. These characteristics are evident in other parts of Europe as well (see, e.g., Appendix V).

### 5.4 Extending the VRIO framework

The firms in this study are embedded in one region in Sweden, with the usual set of public- and third-sector actors. These firms “exploit” the external actors in a positive way. It can be from neighbouring firms in the

same location where informal collaboration can give access to *external* resources as well as in informal collaboration with the local municipality. In effect, they are creating additional resources for themselves through their cooperation with those types of local actors which seems necessary in a non-urban setting. Thus, in relation to non-urban firms, the VRIO framework, with its ideas and practices of cooperation in a public-private partnership, may need to be combined with the Relational RBT. A chart has been developed to get an overview of the findings of the VRIO framework regarding Töreboda, and a comparison with Aix-en-Provence and Bergamo: to explain the most critical resources found. Intangible resources are also of interest in this context (Locket, 2005; Locket, O’Shea and Wright, 2008) and are included in Table 5.2.

The presented resources in Table 5.2 are, single or in combination, factors for companies’ superior performance in the different locations: Töreboda, Aix-en-Provence and Bergamo. The VRIO framework analysis is at the firm level and the cooperative efforts are across the sectors. The described efforts may show how a cross-sectorial type of cooperation can work well. This thesis shows how the resources can be used in concert in a non-urban area. Although the public sector is exemplified by the local Swedish municipality, it could of course be a full region, with any level of public-sector authority.

The reason that the word “regional” is used in this thesis is because the work within a non-urban municipal has a regional effect. Cross-sectorial combinations of resources seem critical for development of firms embedded in non-urban regions; they can also be important to understand how non-urban firms can flourish by collaboration between local firms and the local authority. The human part, the mindset, culture and spirit of the place, the sense of public-private collaboration, and the development of new products and solutions are key to further understanding of developments and creative combinations of the available resources in this context.

The most important resources in the firms in Töreboda are the ways in which their personnel are dedicated to the location and their companies, where loyalty, expertise and craftsmanship are focused and indispensable (Barney, 1986, 1991; Wernerfelt, 1984). Some resources were purchased (e.g., in the takeover of Hermanders Ltd) while others were created (e.g., the new Daloc Ltd plant and heating system, see also Andersén, 2005). The Töreboda resources are reviewed, in the below, through the VRIO-framework lens; they focus on factors that create sustainable competitive advantage for the companies in this and similar contexts.



A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

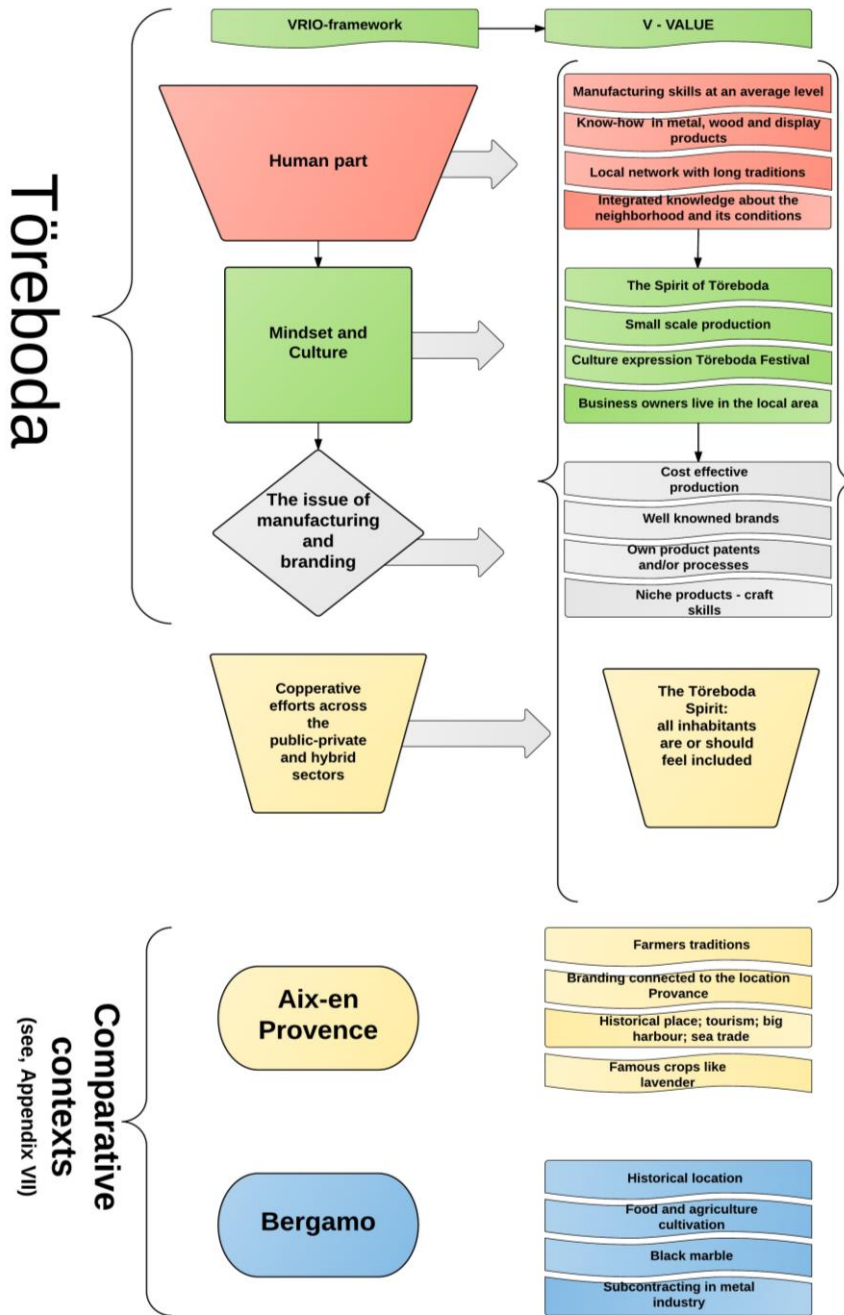
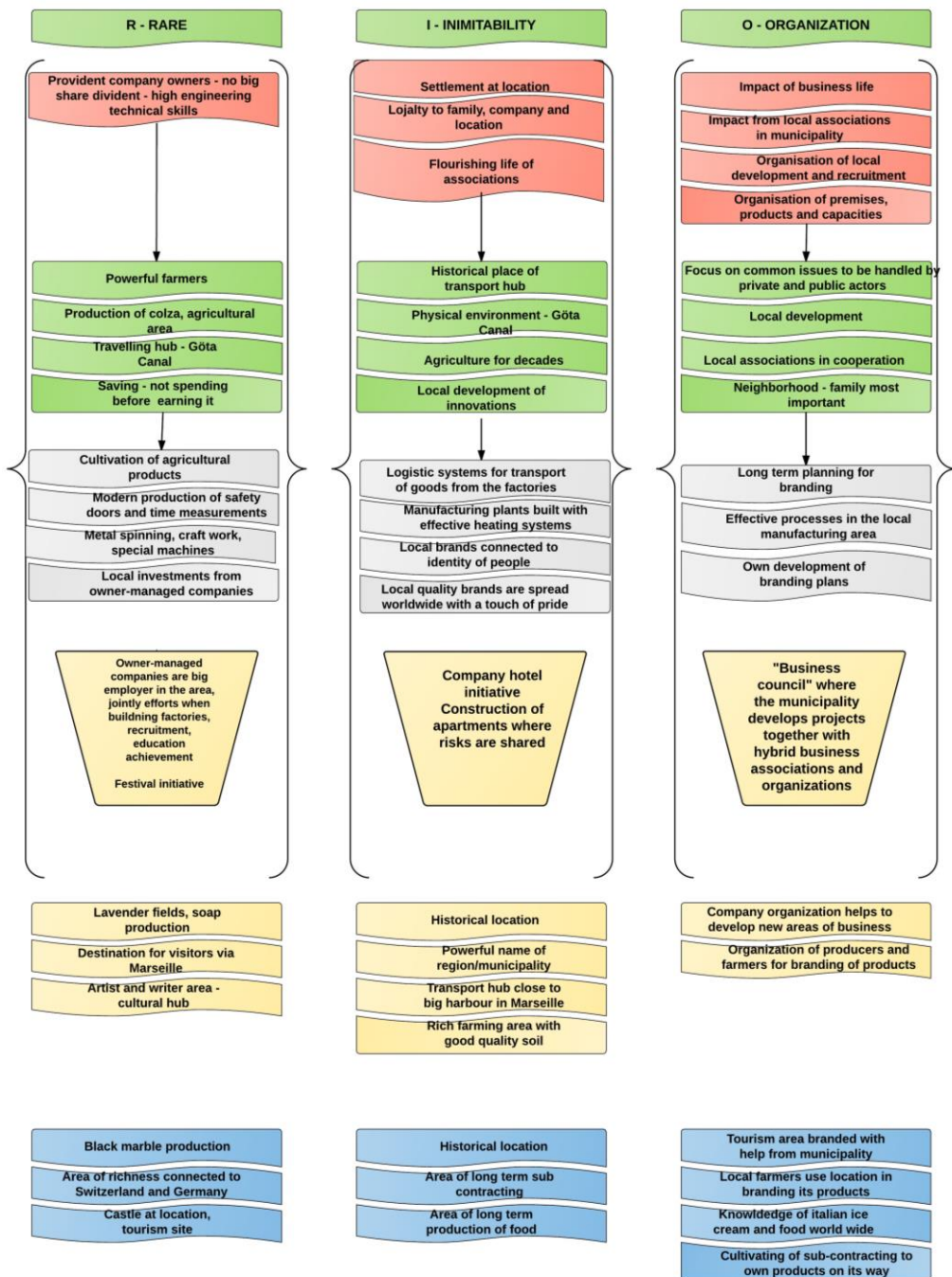


Table 5.2 The VRIO framework in action

# A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT



The VRIO framework was used to identify what resources are valuable, rare, inimitable and well organized: all due to the specific conditions in a given location. External factors have previously been used as the main explanation for a competitive advantage (Armstrong and Shimizu, 2007; Collis and Montgomery, 1995; Porter, 1980, 1985; Wernerfelt, 1995) but internal factors are discussed in this VRIO framework. The public-private collaboration can be considered as an important external factor for developing the internal ones in an area. More empirical studies of firm resource types are needed to develop the RBT further; they can be of help to identify the most important combination of resources to give a firm competitive advantage (Goodfrey and Hill, 1995; Locket, Thompson and Morgenstern, 2009). In the below, we apply these factors to the Töreboda context.

#### **V=Valuable**

Some of the most valuable resources are the Töreboda companies' employees. Their knowledge of the industry and competences support the companies' development of well-known brands and products that are sold in Europe and elsewhere in the world.

#### **R=Rare**

The companies have rare knowledge of and technical competences within the industry, enabling them to produce technical solutions for the development of their products. During the nearly 100-year history of industrial development in Töreboda, the companies have always adapted to modern production methods while still maintaining virtuous work-ethic values. The company owners live and work in the area where their companies are located. The possible collaboration that combine the resources "people and location" is at work here.

#### **I=Inimitability and the concept of resource immobility**

The possibility to buy cheap land and to integrate heating systems into factories has allowed the companies to build production units at a low cost. Relocation to other areas would be very costly, therefore the companies are not inclined to move their production site. Long-term employees are also reluctant to seek jobs elsewhere because they identify with their companies and feel a strong sense of commitment to their employers. However, if the companies were to decide to relocate elsewhere, it is not certain whether the employees would also relocate because of the deep family roots they

have in the area. The location itself is a huge, green area, rich in nature that can be a benefit for (stressed) people who want to settle down in non-urban districts (Bell, Phoenix, Lovell and Wheeler, 2014).

The Töreboda location therefore offers companies a sustainable competitive advantage because people do not want to move since they like the place. It has become a base for industrially skilled people working in the firms and in the municipality. The quality of labor and skills developed in different company contexts makes the inimitability high since generations have worked in the industry for many years and consequently have a lot of knowledge about it. The expertise and skills in manufacturing, metal and wood production play an active role in their local networks and are pools of valuable human skills. The loyalty to the company, family, traditions and local spirit, combined with the knowledge of producing, is developed in the group of people working in the local companies and even if some of the employees are headhunted, they are often not interested because of the local spirit that has developed in this context, which is not related to a single person, family or firm.

#### **O= Organization**

The three studied Töreboda companies have been managed prudently by their owners, which is another VRIO-type of resource. Good management leads to loyal employees, increased productivity and the drive to keep a competitive advantage. Moreover, the power of finding opportunities for innovation in projects by management will retain the dependence on good organization of *potential* resources (Hoppe and Schmitz, 2013). Various actors in the Töreboda region, municipalities, industrial organizations, associations and other companies, organize their activities so that the resources can be combined and developed, leading to increased competitiveness.

Thus, in locations where companies and municipalities conduct their activities separately as well as jointly (in public-private collaboration), the cyclical relationship among capital, object and subject (i.e., capital, product and people) is relevant. This cycle shows how VRIO-types of resources can be combined in order to create the competitive capability that companies and municipalities need in order to develop and grow (Barney and Hesterly, 2006).

Location can strengthen the strategic resources in the Inimitability part of the VRIO framework, where loyalty of non-urban, regional inhabitants relates to the local identity and spirit and shows satisfaction with home, family, friends and work: a spirit of “neighborhood”. Location is geographical and is materialized through social construction (Hannan and Freeman, 1977). People who have lived

and worked in a particular location for a long time are typically loyal to that location. In principle, this can be identified in a city but non-urban areas do not have as many influences from the outside and so most inhabitants can relate to generations of interconnections in that specific location. They often have deep roots in the location because their parents and grandparents have also lived and worked there. When community problems arise, they try to solve those problems rather than move away. This means that the industrial expertise that has been built up for generations tends to remain in a non-urban context and can be developed even further.

Such situations are unusual, given people's increasing mobility today, as they seek new forms of employment. Retention of well-skilled employees by owner-managed companies requires developing and rewarding them appropriately and investing in the social welfare of the community as well as the local infrastructure. Municipal governments provide companies with various incentives intended to retain economic activity. This study was conducted in a community with a declining population base. In such a community, the local government has an important role in the coordination of different actors and trying to maintain or increase its population.

The analysis of the empirical data of this thesis reveals the importance of location as a strategic resource for sustainable competitive advantage for companies. Location is directly linked to the three strategic resources of people, products and capital. In this linkage, bonds are created and maintained between employees, entrepreneurs and municipal officials as they jointly work to drive development.

The thesis shows that pairing people's imagination (as relatively "inexpensive capital") to solid "public-private collaboration" can be used in a non-urban location to create value for firms. This combination of various resources can create a plus for a region; people form a cohesive community that, over time, invests in itself. This is critical for community development, especially in locations where jobs are at risk, owing to depopulation and globalization, and where infrastructure (housing, public services, transportation, etc.) is at risk owing to deterioration of local investments and declining tax revenues. The study shows that a combination of resources in firms plus the working together with a local authority in informal public-private collaboration might be done when linked together through local networks.

The emphasis I place in this thesis on informal collaboration, as a possible way to access more resources for firms, contrasts with research (using the RBT) that proposes the most important goal is to identify the *one* optimal type of productive resource (Barney, 1991). This

study highlights that making use of *external* local resource combinations can make a difference, even though the historically rooted industrial heritage of the people inhabiting the Töreboda region may seem to come close to being the sole resource:explanatory success factor. In terms of the combination of regional business resources, this study finds that location affects the original VRIO criteria. The VRIO framework of resource characteristics remains essential for business competitiveness, but there is more. The VRIO framework is used to identify *internal* resources that can contribute to a firm's superior performance. The V, valuable resources, pertains to the employees, the brands and unique products combined with skills in manufacturing. The R, rare resources, are the long common histories of the companies where their owners and families still live and work in the local neighborhood, and the companies that are still owner-managed. The I, the immobility of resources, is connected to people's loyalty, the production-skilled population, for generations, including deep family roots, cheap land and a rich natural environment.

The O, organization, is seen in companies that are also *externally* well-organized, through business organizations or associations, including the described cooperation between the public and the private sector. The action research contributed especially to possible theory elaboration of the Relational RBT. The non-urban regional context brings scarce internal and external resources together in this thesis which may contribute to a better level of competitiveness for the participating firms.

## **5.5 Local identity projects**

Identity projects with high growth possibilities can create opportunities for more companies to locate to Töreboda. The Töreboda Festival, which unites companies and the municipality in its planning and execution, is an extant identity project that raises the profile of Töreboda as an attractive place to live and work. Thus, events as well as buildings may be identity projects (Brorström, 2010) that create location-awareness. By working with the municipality, the companies in Töreboda manage the Festival efficiently and prudently, in the same way as they manage their business activities. The Festival's finances are in order before the Festival begins. Per Ottoson, the Festival organizer says: "We pay the artists in advance. Others (festivals) fall apart and cannot pay". Kerstin Söderberg, chair of the Swedish Federation of Business Owners in Töreboda, says (in 2016) that the public-private partnership for the Festival works: "We are now trying to coordinate the Entrepreneur of the Year with an important event in the municipality."

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Identity construction in Töreboda is not the work of individuals; it involves an informal network of groups (the local officials; companies; and the business associations). Jörgen Källberg, Activity Manager for the KRAFT Group, says companies must emphasize their good relationship with the municipality. However, as various authors have noted, interactions between a municipality and a business community in general can be challenging (Johannisson, 2005; Wigren 2003). The networks' joint projects may contribute to a sense of community identity and are sources of pride for the residents.

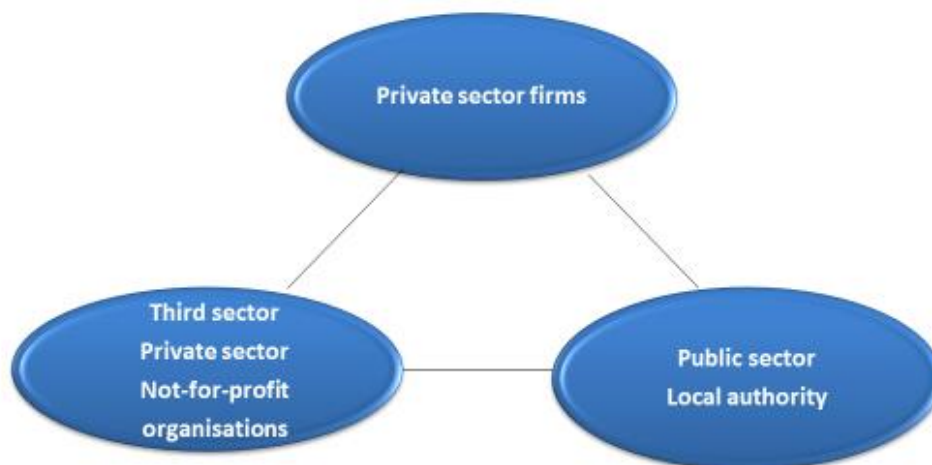


Figure 5 Project, growth and identity in Töreboda

In Töreboda, there are municipal initiatives, like building more apartments and a company hotel, where the municipality takes the risk by owning the buildings and the businesses promise to hire the apartments. These initiatives, coupled with private initiatives, strengthen the location and support of the local spirit, in the same way that Wigren (2003) found in Gnosjö, Sweden. The following initiative is notable as well: the attractive showroom space developed by Daloc Futura along the Göta Canal is now, in 2016, on offer for lease by other companies that wish to locate to Töreboda.

Municipal investments are critical to the development of the industry in Töreboda. This has been particularly true in the area of housing and land development since the 1970s. After the decision was taken to add resources to municipal operations, links with the local industry were made. The combined industrial and municipal development project has increased, resulting in the engagement of a full-time employee since 1 March 2014. Previously, the employee only worked 20% on collaboration activities with the local industry.

## 5.6 Benefits from the interaction between the local and firm level

Places with relationships between inhabitants, companies and municipalities often develop a local community together (Brinkerhoff, 2004). Töreboda companies work with and invest in the municipality when they build factories; promote logistical development; and create local employment and local (business) associations. In return, the companies receive benefits in the form of land, good transportation, heating and electrical supply and a reliable, competent labor force (Porter, 1985). The Töreboda local authority has shown a strong interest in its cooperation with industry, in order to advance business and municipal development. One such project is a proposed business hotel to be situated along the Göta Canal. There is a strong sense of commitment among company owners and politicians in Töreboda to develop the local business and environment for the inhabitants. One example of an earlier successful joint public-private partnership investment is the construction of apartments during the 70s. Here the municipality took its responsibility to build hundreds of apartments while local businesses promised to rent them.

The joint projects enable both the public and the private sector to reduce their risks and the industry can recruit suitable employees who get a decent place to live. Despite its small size, it appears that the municipality of Töreboda is able to contribute by aiding firms to deal with the increased global competition and the inevitable changes that are a fact of business life. The municipality is cooperating increasingly more with the various types of business actors in the region.

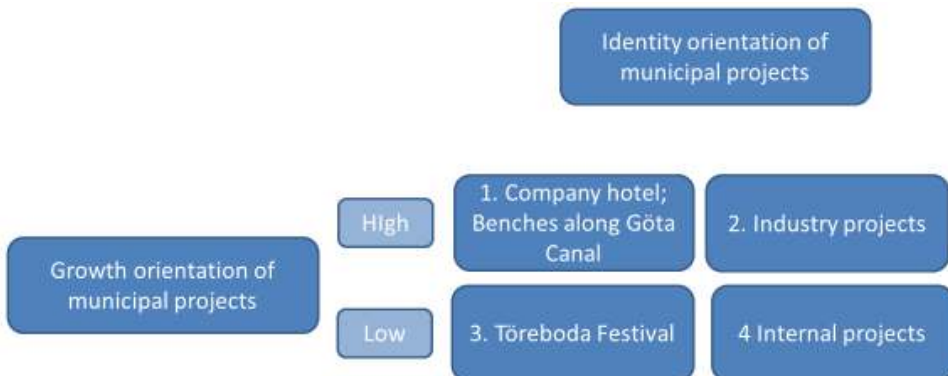


Figure 6 Public-, Private- and Third-sector collaboration



## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

These types of collaborations can be found between private sector firms, the public sector (local authorities) and the third sector of private not-for-profit organizations. The Töreboda examples are presented as processes with different types of participants:

### **Collaborations**

1. Workshop
2. Festival
3. Company hotels
4. Municipality developing council
5. Recruitment, industry education
6. Logistic solutions: train, road

### **Types of participants**

- Public, private and third sector
- Third sector, together with the public and private sector
- Public-and private-sector firms
- Public, private and third sector
- Public and private sector
- Public and private sector

## **5.7 Summary of analysis and interpretation of results**

In terms of the RBT, this study identified resources that can be an aid to firms to perform better than the average competitors in the same branch. The challenges in non-urban areas do not only entail handling global competition but also attracting skilled and loyal personnel by: investing in land, buildings, education, infrastructure and building networks with stakeholders in the area. Informal collaborative excellence between the key actors in a region's public, private and not-for-profit sector seem essential to enhance economically flourishing firms and more developed local municipality. The non-urban firms described in this thesis show they have the skills to exploit internal resources and create also external local collaboration, in an effort to find solutions for shared problems in the local society. Developing a common approach encourages all the inhabitants, companies and municipality to feel included. More research is needed in the future on how to utilize, develop and understand better the interorganizational, local collaboration and to elaborate the theory; this is discussed in the next and final chapter.

## 6. DISCUSSION

This thesis shows that it is feasible for non-urban firms' representatives to jointly discuss their various resources in their immediate municipal environment. I show how non-urban Swedish firms can be facilitated, by workshops, such as those held in Töreboda, to enhance their *external* collaborative local capital. The *internal* resources are shown in the Töreboda firms, presented into the VRIO-framework, (see, Table 5.2). Since the RBT tends to focus on *internal* firm resources, it should also address how *external* factors may contribute to firms' development (Amit and Shoemaker, 1993). The study in Töreboda shows that informal collaboration can contribute to get access to more resources that can be understood from a Relational RBT perspective. As it is not easy to adopt or understand fully, of how to incorporate the use of valuable resources from firms' complex local environments (Andersén, 2011); such as Töreboda's context, the Relational RBT can be seen as in progress in the informal work with business development and investments in Töreboda.

The firms that utilize their external actors do get access to more resources if collaborating well. The study examines to what extent it is feasible to use local, inter-organizational informal collaboration to get access to more external resources especially for firms in non-urban areas, and the Töreboda example shows that it can be feasible. This "collaborative capacity" of firms and regional public- and third-sector actors (see, also, Spekink & Boons, 2016) is a unique potential resource for firms eager to attract more local resources, such as skilled personnel; manufacturing traditions; logistics; brands; firm and product reputation; and good conditions to buy land for buildings, etc. The applied P.A.R. method, with its workshop interventions, can be used elsewhere. Hence, a generic interpretation of the described, context-specific process could be possible. One condition for conducting a similar intervention is, amongst others, that the representatives of the stakeholders in a region meet each other, in this case: in the same room, at the same time. All these representatives must be very familiar with the specific context and networks in that location. The first part of the workshop intervention used here was carried out in silence. This enabled all the participants to reflect and come up with ideas: without stress, disturbances or peer pressure. The aim of such a workshop intervention is to identify common challenges and needs that must be solved jointly: in informal or formal collaboration.

Table 5.1 shows the most important linkages and how resources can be used in such collaboration, even if a single firm owns

them. The stable collaborations between public, private and third sector actors could be utilized by non-urban areas to their advantage: to strengthen the so-called immobility and loyalty factors and to attract more investments thereby also benefitting other local actors. Future research can aid to develop non-urban areas even further via a focus on PPP and local investments. Qualitative longitudinal studies of Relational RBT and PPP type of factors in non-urban areas must be undertaken further, and that includes the question: what are the best conditions, interventions and measures to create and capture valuable PPP resources in non-urban areas. This thesis shows how Relational RBT can be employed to understand other relations than the already existing interfirm relationships, and future studies should look into the best way of optimizing such relational settings.

Municipalities in rural areas, with declining populations and low educational levels, can make themselves more attractive by identifying potentially valuable resources, and combining them with the resources of companies located in their vicinity. By forming informal collaborative public-private partnerships, such municipalities can promote municipal loyalty, professionalism and pride. Joint investments in developmental projects promote the growth of business that, in turn, can increase tax revenues for the municipality, leading in turn to more investment opportunities. Typically, such municipalities invest together with other governmental agencies or public actors as well as actors from the private sector in, e.g., residential and commercial properties that benefit both employees and companies within the entire region.

The concept of location is indeed insufficiently emphasized in RBT-based research (Kraaijenbrink, Spender and Groen, 2010). Location is a factor of interest, particularly for companies that (have the good fortune to) take the opportunity to join local governments in informal public-private collaboration or investment projects that are also beneficial to all parties. Thus, this thesis extends the RBT by showing the productive combination of resources by actors through the relatively new concepts of “collaborative excellence” in informal public-private partnerships. The analyzed companies were characterized by local ownership and various local connections to their production location (Barney, Wright and Ketchen, 2001; Grant, 1991). The need of a deeper understanding of how companies’ immobility can be strengthened was discussed recently in the RBT research by Andersén, Jansson and Ljungqvist (2015). This thesis illustrates how the potential “wealth” of a business location, and how it mostly affects the inimitability part of the VRIO framework in relation to the firms, can also affect informal public-private collaboration between firms and local municipalities. This is especially important for non-urban

areas where stereotypes, regarding how things should be across socio-economic sectors, are strong (Baarspul and Wilderom, 2011). The cooperation between the public and the private sector (with locally embedded actors striving for informal collaborative excellence between them) should ideally aid both the people in the region and the companies.

This type of cooperation is a resource in itself; it is helping to widen the discussion about company location and the VRIO framework. The VRIO framework in this thesis illustrates the extra competitive resources that companies in non-urban areas can develop jointly, through excellent local cooperation between firms, the local municipality and the third sector, for the future benefit of that specific location. This thesis may therefore contribute to new (action) research among non-urban SMEs, municipalities and other relevant partners.

Of course, essential non-human resources are expensive to build, purchase and/or develop. The companies in Töreboda have attracted many of these resource activities. This was done largely by themselves in order to streamline or innovate their operations in cost-efficient ways, allowing them to compete globally. When companies have a competitive advantage over their rivals, they have more opportunities to make other profitable investments. Yet, the value of resources varies at various points in time. This means company identities require constant reinforcement if they are to have the desired effects.

The business environment in Töreboda is similar to that of many small communities in Scandinavia and Europe. The challenges and difficulties are similar to those encountered in Aix-en-Provence, France and in Bergamo, Italy. Aix-en-Provence, Bergamo and Töreboda are all rural communities with a concentration of agricultural and food-related business activities. They are also tourist destinations, although Töreboda developed its tourism industry long after the other two towns. However, their local landmarks and infrastructure are quite different and have different values for company owners, inhabitants and the local authorities. Töreboda lacks the cultural ambience that the other two towns have. On the other hand, Töreboda has large tracts of undeveloped land and easy access to nature, including opportunities for fishing, boating and hiking. This study highlights that this kind of municipality and business community can work together with the main business actors as they search for developmental opportunities that can strengthen the competitive position of their companies and increase the attractiveness of their locations to meet the competition for skilled employees.

As a result, when owner-managed companies invest and commit to locations, their profits remain in those locations where their

operations continue for years. From a financial as well as a location perspective, this is a healthy way to conserve resources and create more investment and development opportunities, even in times of economic crisis. Töreboda will always exist as a location in a physical sense although the changes in owners, activities, workplaces, people, capital and products, among other things, may change. Excellence in developing informal public-private collaboration seems crucial for non-urban areas; it enables them to gather the available resources so that, together; they can muster investments to sustain or enrich the given development in a locality (Basu, 2001; Schröder et al., 2014). The advantages of the Töreboda location are: its natural surroundings; its infrastructure; the close cooperation between the municipality and the business community; its strong industries; and its influential associations. The possible disadvantages could be characterized as: threats to location identity; the influx of newcomers (people from other municipalities and other countries); the lack of new industries; the possibility of company acquisitions by outside corporations; and unavoidable inter-generational shifts in top-managerial company strategy. The municipality of Töreboda is in itself the unifying force for local development. The municipality can take inspiration from the ideas and solutions that were generated in the study's two workshops. Both the municipality and the companies responded positively to the proposed initiatives that came from the workshops. Important investments and initiatives can be made that infuse further municipal and regional development (Bengtsson, 2013; Brorström, 2010, Czarniawska, 2004; Enquist et al., 2013; Von Platen, 2006; Weick, 1995); yet, the region still faces considerable challenges. Thus, the municipality must remain at the forefront as far as: developing employee skills; strengthening its educational system; encouraging business start-ups; increasing the tax base; and providing good employment opportunities, etc.

Employee commitment in Töreboda is visible in the companies where work is more than just a job and professional pride is linked to the companies' products. While the community is currently very attractive for the people who live and work there, it may be somewhat exclusive with respect to outsiders. Employment opportunities often favor people who have personal contacts with current employees or are relatives of current employees (Rosengren, 2010). Moreover, outsiders are not familiar with the business culture of Töreboda, which may create obstacles to further development (Kunda, 2009). A very clear business culture and location identity exists in Töreboda, which may not be readily understood by people who have not grown up there.

Company identity in Töreboda is based in part on the companies' products (objects) that have strong brands and reflect commitment to safety, accuracy of measurement and precision. These owner-managed companies use reinvested profits for their equity financing (capital); debt financing is avoided. Their goal is long-term sustainability with secure jobs for people. To that end, the companies use their surpluses for new investments rather than for large dividends to shareholders. The companies' philosophy is to provide good employment for the local population so that people can live comfortably with ample time for their families and for leisure activities. RBT stipulates that the ownership of or access to certain location-based type of resources can help a company attain superior performance. Those local resources are not perfectly mobile and can't be moved easily. Some valuable resources need to remain put to protect a firm from imitation, and this is evident in the loyalty and skills the inhabitants and workers in this non-urban area have gained over generations. Hence, it is relatively safe for an entire region to invest in companies with a common history in their vicinity which is useful for patents or unique products and/or processes and understanding how they were developed (De Carolis, 2003). More empirical studies on informal public-private collaboration can also contribute to our understanding of complex issues that the public sector and market players should address jointly (Traffort and Proctor, 2006).

## **6.1 Practical implications**

The research in this PhD thesis is based on the idea that extant businesses are in continuous motion during which the static resources that are embedded in a given location is combined with the more dynamic resources of subjects (people), objects (product) and finance (capital). The linking of these resources is examined in the context of collaboration in a non-urban Swedish region and such action can be used as an example by other European regions with similar challenges and opportunities (Das and Teng, 2000; Lavie, 2006). What emerges is a better understanding of the importance of the Relational RBT in which municipal and firms' resources are combined mainly at the strategical level: where stakeholders and decision makers can meet to discuss and decide about future scenarios and possible local investments. This "network of resources" (Wigren, 2003) is useful for the future development of the inhabitants' well-being in such a location and, in fact, it may become an increasingly important way for non-urban regions to succeed.

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Practitioners can use this thesis in similar contexts where municipalities and their companies want to work together to achieve both sustainable development of the companies and viability of a region with declining and/or changing populations. The following paragraphs, which take the practitioner's perspective, adds to the specific thesis' results. These ideas may also be of value to other, similar small European municipalities.

Töreboda's companies may also benefit from nationally supported training programs designed to give people the skills needed to work for companies that compete in world markets. Such training programs would combine instruction in business education with formal schooling. In addition to the obvious benefits for the companies, this training would contribute to the reduction in youth unemployment, which is a typical problem in rural areas. Close collaboration between the non-urban companies, the local authority and a nearby college or university would also support the manufacturing and related industries operating in highly competitive markets, because they tend to need highly skilled personnel, for example in advanced technology.

Additional creation and support of "location spirit" will benefit the Töreboda area. This spirit must reflect the location's pride in its entrepreneurial values that include, for example, independence; perseverance and workers' loyalty and commitment. This spirit cannot be formalized or forced, because all those involved must be willing to cooperate without some national or regional policy that orders people to commit to a certain spirit (comparable to the spirit of Gnosjö, Wigren, 2003\*). People are already talking about the spirit of Töreboda, but it has not been written down. A location spirit could be reflected in a statement such as: "We care!" Such a positive admission, which could be posted at work, schools and other public sector agents, sends a message of self-confidence, inclusiveness and togetherness.

While transportation links are essential for managing the logistical flow of people and goods, good communication links are also needed in Töreboda: to exchange information; to provide inspiration; and to exercise competent leadership. Communication links are especially important in smaller municipalities so that companies and public officials, including the politicians, can meet to discuss local problems and suggest possible solutions. This was highlighted by the conducted workshops in

\*The Spirit of Gnosjö (Gnosjö is a non-urban region in Småland, southern Sweden) is well-known in Sweden, characterized by its informal way of promoting the area where firms help each other with business development, recruitments, lending machinery and even personnel, when needed. Gnosjö is famous for its metal industry and it is known for its success in collaboration.

Töreboda where the result was a better understanding of the challenges the local public and private sectors are facing and what parts could be developed together and in each sector.

*Identity projects with place branding.* One such project in Töreboda is the proposed business hotel near the Göta Canal. This possible public-private partnership project would support the idea of Töreboda as a location that welcomes and supports external business activity and would also provide jobs. The Göta Canal could also be developed as a tourist destination and advertised as a symbol of Töreboda. The other, already existing, identity project is the Töreboda Festival. The companies and the municipality should continue to support and expand the festival that draws visitors from all over Sweden and from abroad.

*Population growth to 11,000 new residents.* One of the outcomes of the two workshops held in the context of this thesis, scenario 3 (see, Appendix IV), proposes a substantial increase in infrastructure investments, leading to a growth in the population, to 11,000 residents. The Töreboda companies, the municipality and the various not-for-profit associations favored this scenario; the assumptions are that the companies in Töreboda will continue to maintain control of their current resources and will continue to experience good financial results. To achieve economic rents, the companies need to create new jobs and maintain their competitive advantage, acquired by advanced production processes and the manufacture of high-quality products. This is in concert with the local public authority and informal or formal collaboration enabling them to develop land and to resolve investment and other critical issues.

*Practical recommendations for network collaboration.* Töreboda's business associations should be more inclusive. Companies with outside (e.g., foreign) ownership or management should be encouraged to become more directly involved in the Töreboda location. Their representatives should be allowed to attend the KRAFT Group meetings. Also, smaller companies should be enabled to join the network of companies even if they are from the service sector. For example, the new cleaning company in Töreboda is not a member of the KRAFT Group as its members are only the manufacturers. If companies are excluded, they will be disinclined to invest in the local community or cooperate with it in (informal) public-private collaboration. The role of service-sector companies is of great importance; they are known to aid regional economic resilience (Navarro-Espigares, Martin-Segura and Hernandez-Torres, 2012). Moreover, I advise a closer cooperation with higher educational and research institutions as this will benefit the Töreboda businesses, municipality and inhabitants in the region. Hence, in addition to the time



and location perspective, competence issues should be in additional focus for tomorrow's businesses in Töreboda.

Companies in non-urban regions can build up interventions with local authorities and with hybrid informal organizations for business development through important discussions about their shared future and joint investments. This way, firms can gain access to more resources for themselves. This access is increasingly necessary in a non-urban setting. Most company owners and company employees in Töreboda tend to be loyal and have little desire to relocate, this might be a strength for newly established companies.

## **6.2 Strengths, weaknesses and future research paths**

Empirical descriptions of enterprise activity are quite different from abstract research on company models, although both present challenges for business-administrative researchers. This thesis describes actual companies rather than models of companies, supplemented with theoretical support from the literature on their resource usage for performance. Such "real-life" company descriptions help us understand how regionally well-embedded companies interact with key actors within their regional environments; the described type of local cooperation could be enriched further in most non-urban areas, leading potentially to an extra set of location-based resources.

More quantitative studies are needed that examine the Relational RBT (Armstrong and Shimizu, 2007) and how informal collaboration among public- and private-sector actors, including owner-managed and other companies in non-urban regions, are developing over time. Such knowledge can aid innovations and development in non-urban areas (Navarro-Espigares, Martin-Segura and Hernandez-Torres, 2012). Based on such recommended comparative field studies, researchers could eventually make more specific recommendations that regional companies and/or public-sector actors in non-urban areas can initiate. In any case, bridges can be built between researchers and industry and between theory and reality: as this thesis shows. Such bridges may produce practical business models, supported by empirical evidence, that lead to realistic, achievable regional developments.

New models are needed that relate to the development of old industrial structures. Because many rural communities in Europe (and elsewhere) have depopulation problems as well as immigration issues, we need new ideas to deal with these problems and issues. Collaboration among the three types of local partners that are central in this thesis might help such communities to cope better with this. Thus, more empirical

studies of the immobility RBT factor are necessary (see, also, Andersén, Jansson and Ljungqvist, 2015). Future theory construction should also build on quantitative empirical studies that can test hypotheses of the RBT and VRIO frameworks. Business studies that focus on municipal location, history, resources and business life must create better holistic overviews of the context, compared to narrow studies of only one or a few firms; this in order to understand regions' socio-economic development more thoroughly, particularly in non-urban communities that face modernization and globalization challenges.

Researchers must thus conduct more studies on successful cooperations between local businesses and government (Spekkink and Boons, 2016). Additional processes can be developed further in order to create and capture more value in public-private collaboration. Kivleniece and Quelin (2012) show a private actor perspective of how informal ties between the public and private sector can help to create value for the involved actors. Boundaries can be crossed between public and private economy activities where the ties enhance important organizational strategy, policy and management consequences (Kivleniece and Quelin, 2012). They found that creation and capture mechanisms were embedded in the ties between the public- and private sector actors. In further studies, researchers may use workshops, such as the ones exemplified in this thesis, in order to better understand the ties between the public and private sectors: and how shared interests, that may not be so obvious before workshop interventions take place, evolve over time.

In the first workshop the generated ideas were structured and read before all the participants could vote for the most important ideas. The highest ranked ideas were then handed out to different "homework" groups, composed of people from all three different sectors who continued to work on them over a few weeks. All the groups presented their findings at the next, second workshop and a discussion about various regional scenarios took place. Such workshops bring people with varying interests, expertise and backgrounds, together to analyze and discuss common problems and issues. They could also create transparent dialogues with residents that may increase the amount of support for the proposed regional investments.

Future studies should highlight various constellations of combined resource networks within regions, for the purpose of smarter socio-economic location development. Such studies can also be used to promote development in uninhabited or declining areas, or areas of high youth unemployment, especially when using participatory action research (McIntyre, 2008). All these areas require more analysis, using "real life" research data, in addition to the resource-based and other relevant models.

Despite the great potential and advantage of public-private collaboration, some have exhibited weaknesses (Rosenau, 1999) which should be considered. A major weakness may be that they may not particularly perform their tasks any better than other kinds of partnerships, like private-private ones. In addition, they can create increased and sometimes undesired regulations and procedures: further research that include remedies for such typical issues between the sectors is also recommended. Moreover, usage of the P.A.R. workshop-model, as done in this thesis, could be further improved in order to create desirable outcomes faster, through, for example, digital types of tools.

Informal public-private collaboration, such as those in Töreboda, makes more sense than merely working alone, and it might be more useful than the formal ones. One future research recommendation, therefore, is to systematically compare and contrast municipalities in terms of the level of formality in their public-private partnerships in order to learn more specifically what types of resources should be made available to make non-urban locations more attractive, and to propose solutions for issues that may come along. Furthermore, the identified high degree of employee loyalty found in the studied Töreboda firms may not necessarily transcend to the newer companies emerging in this and other contexts, and therefore, business culture and values (corresponding to the definition of the local spirit) must be taken into consideration when designing new location-based (action) research. However, one must consider that non-urban areas are under economic pressure and the important network relations built up earlier can be easily disturbed by crisis situations. If the trust is broken and if key personnel are changed (for example the owner and CEO of firms, the Municipality Director and politicians who have important knowledge and personal relationships), then stability, especially of an informal set of feasible collaborative activities, cannot be assumed. This must be surveilled carefully at all times, since strong gainful collaborations, such as the ones explored in this thesis, are based on personal relationships and if they go wrong, it can lead to fear of engaging in new, potentially flourishing collaborative local action.

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LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

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## Appendix I Figures, tables and photographs

<b>Figures</b>	<b>Page</b>
Figure 1 Reconstruction of the RBT's Development over time	21
Figure 2 Possible municipal project growth and identity orientations (Brorström, 2010: 46)	35
Figure 3 Three components of a company: The Triangle model (after Jansson, 2012:55) and "Business in Motion" Model	41
Figure 4 Business in Motion in Töreboda, Year 2011	135
Figure 5 Project, growth and identity in Töreboda	143
Figure 6 Public-, Private- and Third-sector collaboration	144

### **Tables**

Table 3.1 Tangible results attributable to the two public-private workshops: Three years after this intervention took place	48
Table 3.2 Chronological overview of methods used and other efforts in this thesis	55
Table 4.1 Sales and employees at Elicom Ltd	82
Table 4.2 Sales and employees at Moelven Töreboda Ltd	83
Table 4.3 Sales and employees at TM Automation Ltd	83
Table 4.4 Sales and employees at Törbolack/ Porator Ltd	84
Table 4.5 Sales and employees at Källbergs Industrier Ltd	85
Table 4.6 Sales and employees at Clean Production Ltd	85
Table 4.7 Sales and employees at NIMO-Verken Ltd	86
Table 4.8 Sales and employees at Ltd Zinkano	86
Table 4.9 Sales and employees at Hanza Mechanics Sweden Ltd (formerly, Elos Precision Ltd)	87
Table 4.10 Sales and employees at Skaraborgs Städ Ltd	88

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Table 4.11 Facts about Hermanders Ltd	101
Table 4.12 Facts about Daloc Futura Ltd	109
Table 4.13 Facts about Westerstrand Urfabrik Ltd	116
Table 4.14 Studied companies: company ages (Year 2011), sales, number of employees, sales per employee and profit per employee	117
Table 4.15 Companies' ages	118
Table 4.16 Töreboda companies ranked by number of employee's (Year 2011)	119
Table 4.17 Companies' sales per employee and profit per employee	119
Table 4.18 ROA, ROE and Solvency at the three companies	120
Table 4.19 Companies in the KRAFT Group and the Töreboda municipality (Year 2011)	124
Table 5.1 Summary of assumed relationships in regional to collaboration between firms and local partners in a non-urban Swedish context	128
Table 5.2 VRIO framework in action	137-138

**Photographs**

Except for the following, the author took all the photographs:

Pentti Kristo	69
Töreboda municipality	71
Bengt Sjöberg	73
Emelie Alexandersson	74
Jörgen Källberg	79
Hermanders AB	94, 96
Daloc AB	103, 104, 105
Westerstrand AB	114
Reseguiden	176

## Appendix II Interviews

Interview with Jan Engström, Hermanders AB	Time: 13.30--14.30 2013-02-20
	Time: 10.00--11.30 2013-04-16
Interview with Inga-Lisa Johansson, Daloc AB	Time: 10.00--11.30 2013-02-26
Interview with Per Ottosson, Törebodafestivalen	Time: 09.00--10.00 2013-04-12
Interview with Sören Birgersson and Johan Johansson, Westerstrand Urfabrik AB	Time: 10.15--11.40 2013-04-12
	Time: 15.05--15.40 2011-11-19
Interview with Jörgen Källberg, chair of KRAFT Group	Time: 09.00--09.45 2013-04-29
Interview with Kerstin Söderberg	Time: 15.30--16.30 2013-03-20, 2015-03-20, 2016- 01-15, follow up discussions during summer: 3x in 2015
Interview with Tommy Sandberg	Time: 10.00--11.00 2013-05-10, 2014-05-16, 2015- 03-15, follow up discussions during summer: 3x in 2015
Interview with Lars-Åke Bergman	Time: 11.15--12.15 2013-05-10
Interview with Bengt Sjöberg	Time: 10.00--10.45 2013-05-14, 2015-03-18
Interview with Lena Tilstam	Time: 08.10--09.10 2014-03-13, 2016-03-16, 2016- 04-15
Follow up questions BS, LT, KS	Three times Time: 2016-07- 18—2016-07-22



### **Appendix III Workshops I and II**

#### **Workshop I**

2013-03-20 Time: 17.00–20.00

Participants: Workshop I

Location: Töreboda Community House

Oriana Haselwanter	HDK/University of Gothenburg
Johanna Lindblad *	University of Gothenburg
Gun Nyman Vallgren	Företagarna Töreboda
Kerstin Söderberg *	Företagarna Töreboda
Fredrik Silverstrand	Daloc
Inga-Lisa Johansson	Daloc Futura AB
Bengt Sjöberg *	Töreboda municipality (politician)
Per Ottosson	Töreboda Festival
Marita Friborg *	Töreboda municipality - children and education Manager
Dan Harryzon *	Töreboda municipality – planning and Development manager
Lars-Åke Bergman	Töreboda municipality (politician)
Sören Birgersson	Westerstrand Urfabrik
Thomas Polesie *	University of Gothenburg
Per Elgström *	Dentist
Johan Johansson	Westerstrand Urfabrik AB
Jörgen Källberg *	KRAFT Group
Tommy Sandberg *	Töreboda municipality, Municipal Manager
Lotten Svensson *	University of Gothenburg, University of Twente

\* Participant at Workshop II, 2013-05-29, Time: 16.00–20.00 Töreboda City Hall and the municipality council

### **Appendix IV Workshop II Scenarios**

Workshop The Future Spring Töreboda, review 29/5 2013

Participants in sub-group: Bengt Sjöberg, Per Ottosson, Marita Friborg.

*Attractive residences along the Göta Canal.*

1. In symbiosis with the area's business life, to have the economic possibility to build attractive residences in Töreboda.

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

2. The community needs more residents and the possibility to retain current residents.
3. Important to have attractive alternatives with, among other things, moves from houses

*Who owns the issue?* The community and the housing company?

*Which resources are needed?* People in the community have the task and must prioritize the issue.

*What must be solved?* The community works to find places that are located centrally along the Canal. This work is on-going.

Important to have the right construction company, with local associations.

*When will it be ready?* Latest the Fall of 2015?

Resources are needed to work with the issue and to manage the project plan and the time plan.

*Töreboda Festival*

The Festival is a brand for the community. The Festival has given the Töreboda residents a lot of self-identity and enjoyment. It increases the cultural opportunities. The Festival attracts family reunions and become a gathering place. It increases the residents' satisfaction index.

*Who owns the issue?* The Festival organization? The organization's goal is to be independent and to stand on its own. The Festival manages its own activities.

*Which resources are needed?* Good cooperation with the community and the adjacent communities' associations. Much depends on who is active in these associations.

Sponsors in the same activities are as previously.

The community makes a continued contribution and gives practical help as needed.

*What must be solved?* Give those responsible and young people the possibility to grown in various roles in the association.

*When will it be ready?*

*The Culture School*

The Culture School will be developed and will be open to everyone. It will be free.

Important that the marketing of the Culture School activities is seen in several connections.

*Who owns the issue:* The community?

*Which resources are needed?* A political decision is needed for a free Culture School. Financing will require decreasing the priority of financing other activities or raising taxes.

A first step can be to try a temporary term.

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Workshop The Future Spring Töreboda -13, review 29/5 2013

Participants in sub-group: Kerstin Söderberg, Inga-Lisa Johansson, Gun Nyman Vallgren.

*Task: A living business/office hotel adapted to new companies.*

*What must be solved?*

*Which resources are needed?*

*Who owns the issue?*

*When will it be ready?*

How has Töreboda developed based on our work?

*What must be solved?*

Construction plan, locations, financing so that new companies can relocate  
Business people who have responsibility in the community for oversight  
and strategic planning

Support and advice to people who want to start a company.

Communications – commuter train to Skövde and road maintenance

Attractive, cutting-edge schools

*Which resources are needed?*

Personnel– business life developers

Economics – land and buildings.

Energetic political leadership

Existing companies with the power to maintain and increase their  
production and activities

*Who owns the issue?*

The community.

Existing companies and organizations can contribute ideas and designs  
based on their experience

*When will it be ready?*

Communications, schools and residences must be solved immediately in  
order to attract companies

A business/office hotel can be located in existing building space that can  
quickly be prepared

For detailed plans, investments and construction: 5-10 years.

*How has Töreboda developed based on our work?*

Töreboda can become recognized as company-friendly, which will attract  
more companies

Employment increases

A school in a good location with high standards (perhaps an  
international/English language school) can attract people to move to the  
community and companies to locate in the community

Increased cooperation between various activities through natural and daily  
contacts in the business/office hotel can lead to ideas and innovations

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

*Task: More tourist companies, Töreboda as a tourist and recreational community*

*What must be solved?*

*Which resources are needed?*

*Who owns the issue?*

*When will it be ready?*

How has Töreboda developed based on our work?

Vision:

More travel companies that arrange trips/activities of various kinds.

Töreboda as a community with locations

Hiking, orienteering, trails for the residents

Wilderness – active holidays with knowledgeable guides. Campsites.

Fishing. Access to boats and equipment

Farm life – family holidays

Horseback riding

Paddling along the Göta Canal/other venues.

Adventure courses for companies, family outings and groups of friends.

Instructor.

Companies that produce/sell products for outdoor activities

*What must be solved?*

Transportation to Töreboda from the rest of the country as well as in the region/locality

Make Töreboda attractive so that new companies will locate and existing company will remain

Marking

Tourist residences

More possibilities for moving in and around the Canal

*Which resources are needed?*

Business life development in combination with existing companies

Cooperation with the Council in regional development programmes for alternative businesses.

Economics of marketing

*Who owns the issue?*

The community

*When will it be ready?*

On-going process that can be realized in 5-15 years

How has Töreboda developed based on our work?

Increase in tourism can create job opportunities in stores, hotels, restaurants and boutiques

As more people discover Töreboda, more people may relocate to the community

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

New contacts are developing – even outside Sweden. Töreboda is becoming a meeting place for active people from Sweden and other countries with an interest in nature and wilderness activities

### *Scenario 1*

Starting point: to make small investments

In this scenario, new residences are planned. The Technical College in Mariestad continues and the young people of Töreboda study there. Business increases to 50% service. Reception of new arrivals continues and information on Töreboda is given to them. Töreboda as a tourist destination. The community and businesses work to maintain the station that exists today for the Western Main Line.

*Conceivable outcome: 2030*

Population increase: 9 500 people

Merger with other communities

Reduction of stations on the Main Western Line.

Skills shortage at companies, better contact with businesses

### *Scenario 2:*

Starting point: To maintain the current investment level

In this scenario, everyone maintains a low profile and continues to work in the traditional way. Housing construction and planning and land / building permits await. With the hiring of a business manager, employment increases at a maximum of 20%. The education manager continues. The population does not match work opportunities and the population decline continues. The municipality is satisfied with the communication that is available.

*Conceivable outcome: 2030.*

The population has declined so the municipality must joint a larger subdivision.

Companies relocate to other places.

### *Scenario 3:*

Starting point: to make large investments (most participants favoured this scenario)

In this scenario, conditions are favourable for new construction of houses and other developments at Töreshov (sports arena) of around 60 million Swedish crowns. Training tailored to the industries with the assistance of the municipality. A EU-funded project for the municipality related to the internationalization process. Active promotion of company start-ups.

Welcoming of new arrivals with validation of their knowledge and skills so that they can begin work as soon as possible. Tourism shows the way – development of Töreboda as a tourist destination. Transportation links

expanded with a focus on commuting in which trains and buses are essential elements

*Conceivable outcome. 2030*

Population increase: 11 000 people

More start-up companies

National contribution for specialized industrial training/education

World-class companies that employ people from many other countries

Housing in the 50-kilometer speed limit zone

Active business life functions and internationalization for foreign competition

## **Appendix V Comparable regions and companies in Italy and France**

### **Comparative regions and companies in Italy and France**

The companies in Italy and France are engaged in traditional production as well as in sub-contracting in marble refracting, agricultural production and in the more profitable industry, linked to energy saving. A battery company, with its experience acquired from working in Great Britain and France, sees profitable future logistic possibilities in southern France. Both areas (near Bergamo and near Aix-en-Provence), with their challenges and opportunities, have alluring legends, interesting customs, delicious cuisine, fascinating histories and exciting cultures. Here it seems possible to create brands, establish reputations and thrive on tourism as well as logistics.

Their agricultural development faces similar problems as in Sweden, because of the common EU system applicable to farmers. The Common Agriculture Policy (CAP) regulates the whole internal market and sales within the EU. That common system can be of benefit for those producers who want to expand their markets within the EU, especially as the non-urban areas outside the bigger cities lack younger inhabitants and people willing to invest in the agricultural area. Also, the lavender cultivators in Aix-en-Provence encounter problematic competition from “fake” lavender prices; thus, farmers struggle to make a profit from the lavender sales. This problem is like the production and sale of rapeseed oil in Sweden. In the Bergamo area, the loss of the traditional marble industry meant less profit when local companies could not compete with the lower costs in the Chinese mining industry.

Consequently, all three regions are experiencing an enormous challenge as they try to remain economically viable. Their non-urban challenges give an understanding of how urbanization has an impact

on the conditions for companies and authorities whilst trying to manage and develop resources and attract people to invest and stay in those areas.

### **1. Business in the Municipality of Bergamo, Italy**

Bergamo, Italy, was chosen for this thesis because it reveals and is comparable to how resources can be used and developed for the benefit of companies, organizations and regions in an agricultural area such as Töreboda in Sweden and Aix-en-Provence in France. Bergamo and its region were selected for three reasons. First, the thesis author had relevant contacts there from previous project experiences. Italian small business owners had made business visits to relevant companies in the Swedish municipalities of Töreboda, Karlsborg, Gullspång and Mariestad.

The aim of this matchmaking project was to build a network to find common projects for production and sales and to find ways to solve common problems in the production and sub-contracting field. The interest to include Bergamo in this thesis research emerged from a striking similarity of these small companies' business conditions, including the uncertain reality of sub-contracting in metal manufacturing and food production. Second, because of good contacts with the regional business organization, Confartigianato Imprese, Associazione Artigiani Bergamo, it was possible to visit companies in the Bergamo area and to conduct interviews. Also, the Bergamo district has similarities with Töreboda and Aix-en-Provence since it is an agricultural area engaged in growing crops, food processing and rural tourism, combined with locally-produced food experiences.

Mining of black marble used to be the main business activity in Bergamo but it largely ended in 2012. As a result, many people lost their jobs and sought work in Switzerland and Austria. According to Marina Renodi, the business development manager at Confartigianato Imprese, Associazione Artigiani Bergamo, China now does most of the world's black marble mining. The small companies in Bergamo, which are mostly sub-contractors that do not produce or develop their own products were involved in the mining business but found it very difficult to compete with Asian marble and consequently many locals emigrated. Bergamo has another outlet: it still attracts many tourists but, the tourist industry also depends on its permanent residents. Moreover, fewer tourists and residents visit the Old Town in the winter.

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT



Bergamo – the Old Town

The city of Bergamo is in Northern Italy, about 40 kilometres' northeast of Milan. It is the capital of the Province of Bergamo and the fourth largest city in Lombardy. Famous attractions are the art museum (the Accademia Carrara di Belle Art), the castle and the Old Town with its many restaurants and small shops that sit on the hill. Bergamo, which was at some point under the influence of Germany, retains some Germanic character, particularly because of the various German business families. The population is diverse. Although most residents are Roman Catholic, there are also Orthodox Christians, Muslims and Protestants. Bergamo is beautiful and is historically very well preserved. The agricultural impact from local brands of ham, cheese and other products is evident in the local stores.

### **1.1 Safara Soft and Confartigianato Imprese, Associazione Artigiani Bergamo**





## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Safara Soft's, owner Marta Aioli, CEO Cristian Daldossi, Marina Renodi, Confartigianato Imprese, Associazione Artigiani Bergamo, Lotten Svensson and Marta Aioli with homemade strawberry ice cream in a shop in the Old Town in Bergamo.

The company Safara Soft is a family-owned business with five employees. Safara Soft makes homemade ice cream for direct sales in its shop in the Old Town of Bergamo. The manufacturing facilities, which are in the lower part of the city, consist of light rooms with modern equipment including a freezer. Only locally sourced ingredients are used for the ice cream including fresh cream, milk and berries. The latter are cleaned and crushed by machines, under staff supervision. The company, which was founded 2011, began with the purchase of a former jewelry shop in the old town. The owner, Marta Aioli, provided the funds and Christian Daldossi, the CEO, had the idea of making high quality homemade Italian ice cream. This combination has been very successful and the shop has many visitors. Success, Aioli says, requires hard work and adequate capital. In describing the secret behind their ambition and success, Daldossi states: "It's all about passion!" Daldossi says the manufacture and sale of ice cream can only succeed if the company's people are fully committed and determined to do their best. One can arrange a tour of Safara Soft with Aioli and see the production facilities and the shop in the Old Town. The shop, which is strategically located in an attractive square, has plenty of space to display its entire range of attractive, colorful ice creams. Customers can sample the homemade ice cream, which has a very old, traditional flavor, but with even more savor because of the added cream. While customers rate the shop and its ice cream very highly, demand in winter decreases. In the years when spring is late, Safara Soft experiences difficulties. The store depends on tourism and the many visitors who visit this historic location thus the interaction between such an SME and the local authority is important in terms of supporting the reputation of a food production area in their tourism projects. Renodi, who is responsible for internationalization and competition issues for the members of the business organization, Confartigianato Imprese, Associazione Artigiani Bergamo, confirms that companies in Bergamo face significant challenges. Some have had to borrow heavily, using their company assets as collateral, to renovate the houses of company owners and their families following the drastic decline in the mining of black marble. These large debts limit the companies in their borrowing capacity. Renodi states: "People cannot sell these renovated houses at a suitable price to pay off the loans. Thus the companies are caught in a vicious circle". Other small businesses in the area produce agricultural products that require processing. While

Confartigianato Imprese, Associazione Artigiani Bergamo tries to find new international markets for these companies, the work is slow. Changes that require adaptation to new languages and new ways of doing business are not easy.

## **2. Business in the Municipality of Aix-en-Provence, France**

Aix-en-Provence was chosen for this study as an example of a famous area connected to its local produce: lavender. This region has an agricultural base, very similar to the Töreboda and Bergamo regions. The local resources and the famous site are of interest to examine the local companies' competitive advantages and their long-term growth in relation to resource use. Aix-en-Provence is in Provence, known for its lavender fields and its processing of locally grown crops by predominantly family businesses. French farmers grow the raw materials to make olive oil, soaps and lavender perfume. It is close to the major seaport of Marseille where goods are bought, sold and shipped to and from all over the world. The author had good contacts with companies in Aix-en-Provence because of her licentiate thesis which facilitated her visit to this area in France to acquire an in-depth understanding of the local business conditions.



A field with crop near Aix-en-Provence

The landscape near Aix-en-Provence seems, at first glance, to be rather barren, when the fields of lavender are not purple with blossom as normally seen in tourism advertisements. However, the proximity to the Mediterranean Sea and the warm climate, plus the long history of foreign trade, is very inviting for many people – both residents and tourists. Aix-en-Provence, the capital of the Region of Provence, is only about 30 kilometers from Marseille, a city with a long seafaring tradition and many stories of great wealth, daring and commercial success. Aix-en-Provence and its surroundings have a rich mixture of cultures, including food, customs and clothing from the many countries bordering the Mediterranean

Sea. Aix-en-Provence is a living history with its heritage of old buildings in various styles, its famous resident artists and its museums.

In addition to its many old churches and buildings, Aix-en-Provence has many major streets where vendors sell clothing, shoes, flowers and locally produced goods such as fruits/vegetables, lavender products, olive oil and huge bouquets of sunflowers. Many visitors stay for long periods of time because of the relatively cheap cost of heating and because of the warmth and sunshine. A network of small companies engaged in agriculture has developed in order to promote the manufacture of products for foreign export. The proximity to Marseille has enhanced the entrepreneurial history of the entire area through excellent logistics and a good understanding of trade.

## 2.1 New Forest Investments, Aix-en-Provence

Lavender is one of the most important agricultural products in the area. Lavender is sold in many forms by women who set up open-air market stalls in seven or eight squares in the center of Aix-en-Provence. Lavender is a basic ingredient of teas, oils, sachets, soaps and even blended spices. In some families, everyone is involved with the growing, harvesting, handling and processing of the lavender. In some cases, agents arrange the export of the lavender products.



A woman selling lavender on a square

## A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

The company New Forest Environmental Ltd. was approached for this research. It specializes in waste combustion and the manufacture of batteries. In a meeting, Stephen Vine, the Director of New Forest Environmental Ltd., described the business history. He met Jan Österberg (the research contact) from EnvaTech Ltd. in Mariestad, Sweden, a company that works with waste combustion solutions and that had previously had dealings with New Forest Environmental. New Forest Environmental, which continued to operate in Paris, moved to Saint Tropez near Aix-en-Provence in order to have access to the port of Marseille with its excellent logistics and infrastructure suitable for shipping activities. Stephen Vine stated:



”We are established here because the conditions suit us well”.

New Forest Environmental, Stephen Vine, CEO and owner

Stephen Vine relocated the company to Saint Tropez from its original site in the New Forest in southern England. The company plans to manufacture and sell batteries throughout Europe and elsewhere. The batteries will be sold to premium segments in India and Africa. In the coming years, the company plans to manufacture batteries for electric cars made in Southampton, England. Vine thinks green, environmentally friendly electricity will soon be in high demand and will present an opportunity for future income. His company has the necessary resources, including staff, to manufacture the products that are of high quality and are commercially viable. As the company grows, its goal is to provide its owners with

financial independence. Vine describes the cultural differences among some countries where he does business:

“In France, the first dinner is very pleasant. During the second dinner, we begin to socialize. Then we can begin to talk business and to start a life-long relationship. Business in Sweden is different. It is all about price. In England, it is more or less the same, but there is a bit more suspicion at the beginning”. In response to the question of how a foreign company can succeed in a different country and location, Stephen Vine states: “I don’t sell – I just suggest”. He talks as though he plans to spend his money on good food and good business partners. Vine’s company is developing a complete line of products, based on the experience he has gained at the English company. The company will be able to offer various solutions with environmentally friendly products for heating, waste disposal, lighting and energy to be sold in Europe and in the USA. The resources in that location seem to be useful for start-up selling and distribution, given the British-French cooperation.

In sum, by presenting more than one non-urban region in this thesis, I draw a comparison between the region and companies in Töreboda and regions and companies in two areas in Italy (Bergamo) and France (Aix-en-Provence). Through this brief comparison, one may acquire a broader understanding of the common problems and possibilities that these regions and their embedded companies have as they try to use their local, non-urban resources. This comparison of such resource use, as offered by the VRIO framework, shows us how companies may cooperate better in their effort to create long-lasting economic opportunities for the people living in rural areas.

## **Appendix VI Topic list**

Time:

Place:

Person:

Give a picture of the company’s growth in Töreboda:

When did the company begin?

Who started the company?

How was the company started? What was the reason?

Which activities did the company have at the start and how have they developed?

How many employees were there at the start?

Why was Töreboda chosen?

Which activities are most important today?

Hiring– What does Töreboda mean in the hiring of employees?

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

How does Töreboda contribute as a resource for the company?

Which resources are most important for your work?

Free answers

Product

Place

Employees

Organization

Logistics

Which combination of resources is important for the future of the company and for Töreboda?

Will the company be in Töreboda in 10 or 20 years?

What is required to keep the company here?

How can Töreboda contribute to the company's brand?

How can the company's brand contribute to Töreboda?

Which form of entrepreneurship do you see in Töreboda now and in the future?

Can you imagine moving the company's activities to another location?

Why?

**Questions for the visits in Bergamo and Aix-en-Provence**

Can you describe your organization and your main activity?

Who is the owner?

Why have you established your company in this place?

What are the advantages and disadvantages with running your business at this place?

Are there other questions or issues you would like to raise?

**Questions sent before Workshop II on 29/5, 2013**

For the homework, each group should discuss the following questions and make suggestions:

What must be solved?

Which resources are needed?

Who owns the question?

When should it be ready?

How has Töreboda developed based on our work?

**Agenda of Workshop II on the 29<sup>th</sup> of May 2013, Time: 16.00 in City**

**Hall in Töreboda,**

- Introduction
- Councillor, vice councillor and community leader of Töreboda

- The place of Töreboda - strengths and weaknesses – author of thesis
- Community and business life – cooperation today and desired situation
- Töreboda 2030 – author of thesis and discussion in audience lead by Roger Selmosson
- Resources needed to achieve the goal of 2030
- Conclusions

## **Appendix VII Identified Needs of the Working Groups in Töreboda**

To obtain more information and also to create forms of development, I used the TT method, (the Think Team). In this method, a group of participants are asked to think about a task and then write suggestions for solutions on post-it notes. Only one idea may be written on each note. The notes are then collected and placed on a wallboard. All work is done in silence. The participants cannot see what other participants have written during the discussion and writing stage. When all notes are posted, they are sorted into groups. Next the process leader (in this case, the thesis author) reads the suggestions. Each participant has been given five sticky notes. They take these sticky notes to the board and "vote" on the suggestions by placing their notes on the suggestions they favour. A participant may not award more than three sticky notes to a suggestion. Participants may also vote for their own suggestions.

The theme of Workshop I -- Töreboda 2030 – dealt with housing, education, transportation, culture and other matters that the participants could identify.

### *Education/culture*

Companies are active in providing internships and training positions.

The University of Skövde cooperates with the high school in Töreboda

Unfortunately, too little education

Stable schools (primary)

International school /English) for current companies and residents

New Central school

Distance education (adult)

Well-sponsored culture schools such as a music school, a blues orchestra, a choir school and a cooking school

Töreboda must have relevant and essential school education

A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

Education centre for technical companies  
Technical competence for hiring  
Increased technical education

*Transportation*

It is important to have good communications with adjacent communities  
Simple communications with influence other towns  
Better transportation to the Oresund Bridge traffic  
A bridge over the Canal  
A developed transportation plan for roads and trains  
Development of collective transportation. Ease of travelling to” main cities”.  
Good transportation to Skövde (with its bigger jobs market)  
Commuter transportation  
Use the Canal for freight transportation

*Community*

Töreboda must avoid loss of population  
Hopefully more inhabitants  
10 200 inhabitants  
Safe community with no robberies or crime  
The resident trend has reversed. Housing construction has increased  
The natural beauty of the Canal and the woods; nearness to nature  
Increased tourism  
Culture along the Göta Canal  
Relaxation centre at the station with a summer cafe at the Canal for canal boat passengers  
Pedestrian walk from Kungsgatan to the square; shopping  
Galleries and gardens on Kungsgatan from the Bistro to Mandys  
The Töreboda Festival provides business for event companies that deal with the larger geographic area  
Difficult to hire well-educated employees  
Many small companies  
More small service companies  
The community could waive certain conditions for the benefit of owners of small companies. For example, give” checks” to those who need services.  
I think more companies and individuals have discovered how fantastic it is to live and work in Töreboda



A RESOURCE-BASED VIEW ON COLLABORATION BETWEEN FIRMS AND  
LOCAL PARTNERS IN A NON-URBAN SWEDISH CONTEXT

*Cooperation*

Entrepreneurial outlook and attitude

Well-known companies; area residents

Houses along the Göta Canal

Houses near the Canal and on Kungsgatan, especially row houses with plantings at the entrances

Low price student housing at the train station with train tickets for studies in Skövde (ground vibrations from all freight trains)

Töreboda as a "suburb" of Skövde

A "living" small town centre in urban Töreboda

Attractive residences

Make it appealing to live in Töreboda

*Development of Töreboda*

What: Specific community services are important and require strong support. If Töreboda can gain a reputation for good community services, the chances are that residents will remain and the area can develop.

How: Of course, this is a resource issue. It is also an issue of willingness, competence and action. For example, good school development is not simply a matter of the number of teachers. It is also a matter of competence and the ability to provide satisfactory conditions for teachers.

Answer: The community

*Support of entrepreneurs*

What: A free service where you can get answers and assistance on issues on the regulatory framework, etc. (a development of the municipality's commercial resource)

Developing entrepreneurship and interest in entrepreneurship / consensus so that the community can support local entrepreneurs.

How: Company owners act in a contact network and as mentors

Keep the new company centre

Answer: Shared

*Senior living*

What: More housing adapted to seniors' needs and desires. There is a problem today when, for example, people sell their homes they cannot find the kind of housing they want in Töreboda. Instead, they move to nearby cities such as Mariestad or Skövde.

How: We take advantage of conditions (use buildable land) Answer: The community

This PhD thesis presents evidence that firms can achieve beneficial cooperation with local public- and not-for-profit-sector partners. Owner-managed firms located in one Swedish non-urban context are described here, together with a new ‘action research’ type of collaborative intervention. The aim was to examine if it is feasible to create a shared understanding among representatives of major local firms, a municipality and community associations about what additional resources are needed so that the firms in a non-urban region can flourish. Other research methods, such as archival records and interviews, are used to capture the reactions of those involved in this sort of informal local collaboration. The conclusion is that informal collaboration between representatives of private-sector firms, the public-sector and the not-for-profit sector is feasible and useful. In this process, the so-called relational Resource-based Theory can enlighten the developing or organizing of valuable, rare and inimitable firm resources.

The studied type of collaboration can increase the attractiveness of a location through joint investments, employee recruitment, training, education, etc. The finding is that individuals who understand the developmental potential of a non-urban location well are crucial for such collaboration; their support for the ‘spirit’ of that location has to be strong, with an aim to develop the firms and the people there.

Lotten Svensson is a qualified business developer, project leader, EU-fund specialist, trade and commercial developer, and international coordinator. Her experience in business development in Western Sweden has come through her company Lotten & Company Ltd; from working as a lecturer at the University of Skövde, Sweden; and as a leader of the Baltic Sea Region Interreg projects. She is also the international coordinator in Herrljunga, for an aid project in Ukraine and Lithuania, and has a sincere interest in developing non-urban areas for the benefit of the inhabitants, firms and municipalities.



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