UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Creating The Most Business-Friendly City In Europe

A case study with the region of Gothenburg - A collaboration with Business Region Göteborg

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Abstract

Business Region Göteborg, an organization responsible for the business development in the city of Gothenburg as well as a representative in business issues for the 13 municipalities in the Gothenburg region, has developed a strategic business program with the overall objective that the Gothenburg region should be Europe's most business-friendly city by 2035. Because the program needs approval in each of the 13 municipal councils the program is constructed in a way so that it can be modified as deemed most suitable and relevant for each municipality. Elaborating on this topic, this report aims to examine how the 13 municipalities are working practically with two of the focus areas of the program, business climate and innovative power as well as investigating what is needed in order to achieve the regional goals by 2035. Thus, the business manager for each of the 13 municipalities have been interviewed to gather a wide range of qualitative data from every municipality in the region.

The empirical data gathered from the interviews have been coded, analyzed, and discussed in relation to existing studies and literature on theoretical fields such as open innovation, business climate, innovation, and managing for a higher purpose. In terms of the focus area business climate, the municipalities are found to be measuring their performance on business climate primarily through rankings such as the one conducted by Svenskt Näringsliv, meaning that their measures primarily include more company visits. The findings from this report rather suggests that creating a stronger and more attractive offering for new establishments as well as a clearer profile in certain industries could be more impactful long-term solutions. Regarding innovative power, it becomes evident that there is a lack of common understanding on this term, meaning that the municipalities' approaches are very diverse, with many taking next to no direct actions. Thus, this report finds that there is a need to align all stakeholders and work to find a shared view and overall vision for this area. Additionally, increased communication and collaboration is found to be one concrete measure through which the innovative power can be increased.

Drawing on the scope and focus of this report, possible areas of future research were identified as examining this program and its realization through the lens of the private companies within the region, further exploring which role public procurement can play in facilitating and promoting innovation, as well as analyzing and applying the concept of open innovation in the public sector.

Keywords: Innovation, Innovative Power, Business climate, Municipality, Business Region Göteborg (BRG).

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1.0 Introduction

This section aims to introduce the reader to the topic of the report and what the purpose of the paper is. Furthermore, it gives a description of what Business Region Göteborg, BRG, is, and what their purpose is and which goals they have. Improved business climate and increased innovative power is something that BRG wants to develop and the municipalities in the region of Gothenburg. So, how do they do it? This section provides information about contributions of the report as well as delimitations.

1.1 Background

Business Region Göteborg, BRG, is a company in the city of Gothenburg that takes responsibility for business development in the region of Gothenburg and represents 13 municipalities. BRG's goal is to contribute to creating more job opportunities and through this achieve sustainable growth. According to Business Region Göteborg (n.d), their way of achieving this is done by offering knowledge and contacts for networking which creates conditions for the one who wants to establish or develop their company within the region of Gothenburg. Business Region Göteborg has established a program, whose purpose is to create better conditions for the business life in the region of Gothenburg. Gothenburg city business strategic program is a map which describes how the city should achieve the goal of creating 120 000 new job opportunities and how to create better conditions for entrepreneurship, the goal was conducted in 2018. Gothenburg city also has a goal of becoming the most innovative city in Europe. BRG is responsible for implementing and following up the program as well as for process management of the strategic areas**.** In a close collaboration with the business life they have come up with six certain areas to put focus into which is, competence supply, attraction force, infrastructure and accessibility, land preparation and physical planning, business climate and increased innovative power (Business Region Göteborg n.d).

The 13 different municipalities in Gothenburg region are: Ale, Alingsås, Göteborg, Härryda, Kungsbacka, Kungälv, Lerum, Lilla Edet, Mölndal, Partille, Stenungsund, Tjörn and Öckerö.
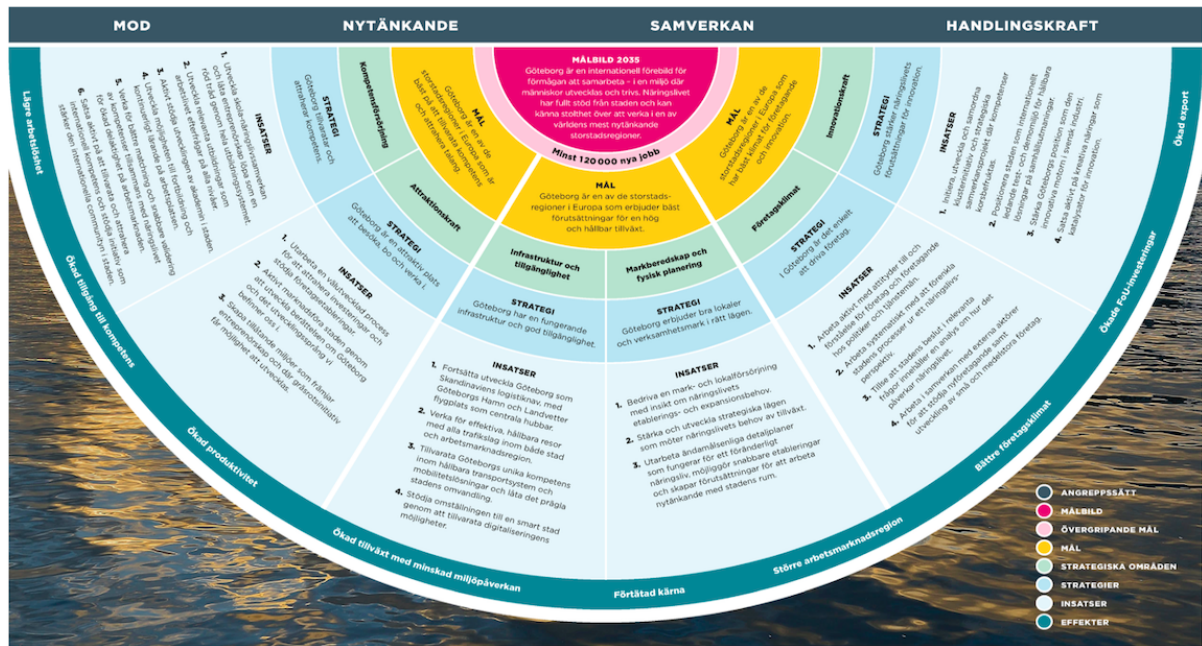
Figure 1. Overview of Gothenburg Region Strategic Program.

1.1.2 Improved business climate

In order for the region to develop and contribute to a sustainable growth and attract new companies, it is necessary to have a satisfying business climate. According to Business Region Göteborg (2023) and their business plan it is fundamental that each municipality needs to have a high level of availability, good service and a good level of collaboration between the different companies and also among the different administrations. It is of great importance to highlight a good business climate and create a positive image of entrepreneurship and spread it to both citizens and other actors, both locally and regionally. A good business climate creates more jobs, better service and increased occupancy. The business climate includes everything from conditions for business and the concrete municipal service to other factors such as schools, infrastructure, safety and availability for housing (Business Region Göteborg 2023). In achieving this Business Region Göteborg has conducted several measures such as.

- Working for improved communication between business and the municipality, companies need to feel that they are listened to and that their needs and challenges are made visible to decision makers.
- Continued work in the region and Gothenburg city for increased understanding and improved attitudes towards the business needs.

1.1.3 Innovative power

One focus area of the strategic program formulated by Business Region Göteborg is Innovative Power (Swedish: *Innovationskraft*), which in the program is simplified as "Gothenburg strengthens business conditions for innovation". To further understand this topic and how it is understood and applied in this report, similarities can be drawn to the concept of national innovative capacity presented by Furman et. al. (2001), referring to a nations ability to produce and commercialize innovative ideas. In the case of the Gothenburg region this means that innovative power can be simplified as the capacity of the region to produce and foster new innovations as well as the power to commercialize these ideas in the long term. New business models and new innovations require cooperation between actors in a completely different way than before. The competitive situation is changing for established companies at the same time as new opportunities are opening up for new fast-growing actors. The collective power of innovation is important to deal with due to societal challenges and to create competitive innovations for a global market and contribute to further investments and establishments, as well as attract talent and competences. Gothenburg is Sweden's engine of innovation and is being seen as the most important industrial region, which leads to a transition in several areas. The ambition of Gothenburg city is to change and at the same time contribute to the global sustainability goals and create unique conditions for common test beds for development of new technologies, new business models and new processes. Even smaller companies are important for innovation development in the region. Clusters are today one of the most important instruments at a local and regional level for developing areas of strengths, and as well as taking advantage of smart specialization and competence (Business Region Göteborg 2023). Some of the measures and initiatives that BRG is working with are.

- Initiate and promote collaboration to solve common challenges in new and innovative ways.
- Strengthen cross-functional collaboration in initiatives and projects to attract more partners and scale up sustainable conditions.

1.2 Problem formulation

There are several factors that have been identified as potential problems in relation to successfully achieving the aforementioned goals of 120 000 new jobs and making the greater Gothenburg region one of Europe's leading regions for business climate and innovation.

Firstly, it should be noted that the project includes several key active stakeholders in a rather complex structure. Each of the 13 municipalities is governed by its own politically elected municipal council, who in turn are supported by their respective business committees and other support functions. On top of this, the entire region is governed by the regional council Västra Götalandsregionen, responsible for several aspects closely related to the regional business climate such as the health care and public transport in the region. In the mindset of this, Business Region Göteborg is responsible for the business development in Gothenburg as well as a representative for the 13 municipalities, acting as a facilitator for increased cooperation within the region. However, while Business Region Göteborg has crafted the aforementioned visions and goals they do not have authority in these areas in the municipalities, but it is rather up to the municipal council of each municipality to accept, adopt and realize the vision. This creates a rather obvious challenge of ensuring that each stakeholder is aligned with the overarching regional goals and that the program is implemented in a way so that it best contributes to the development of the region. Lastly, another potential problem is that some of the goals of the program, particularly connected to the focus area of innovation, is largely dependent on the strategic decisions and actions of private companies in the region, adding yet another layer to the complex structure of the program and providing a potential challenge of successfully following through on the strategic goals.

1.2.1 Stakeholders Structure

Business Region Göteborg answers to the municipal council in the city of Gothenburg. The guidelines and ownership management of Business Region Göteborg is directed by the political decisions and visions set in the local municipal council, however the overall purpose and goal of Business Region Göteborg has been collectively decided by the ownership directives of the organization, stating that the primary goal of Business Region Göteborg is to be in charge of the business development in the city of Gothenburg and a representative for the 13 municipalities in the region. In this way, Business Region Göteborg acts as a bridge between the public and private sector providing knowledge and contacts to facilitate and drive the business development in the region. Because of this, Business Region Göteborg has several direct and indirect stakeholders who are affected by their operations and who's needs and wants have to be considered by Business Region Göteborg in their strategic work. An overview of the stakeholders affected by and connected to Business Region Göteborg is provided in Figure 2 (Business Region Göteborg 2016).
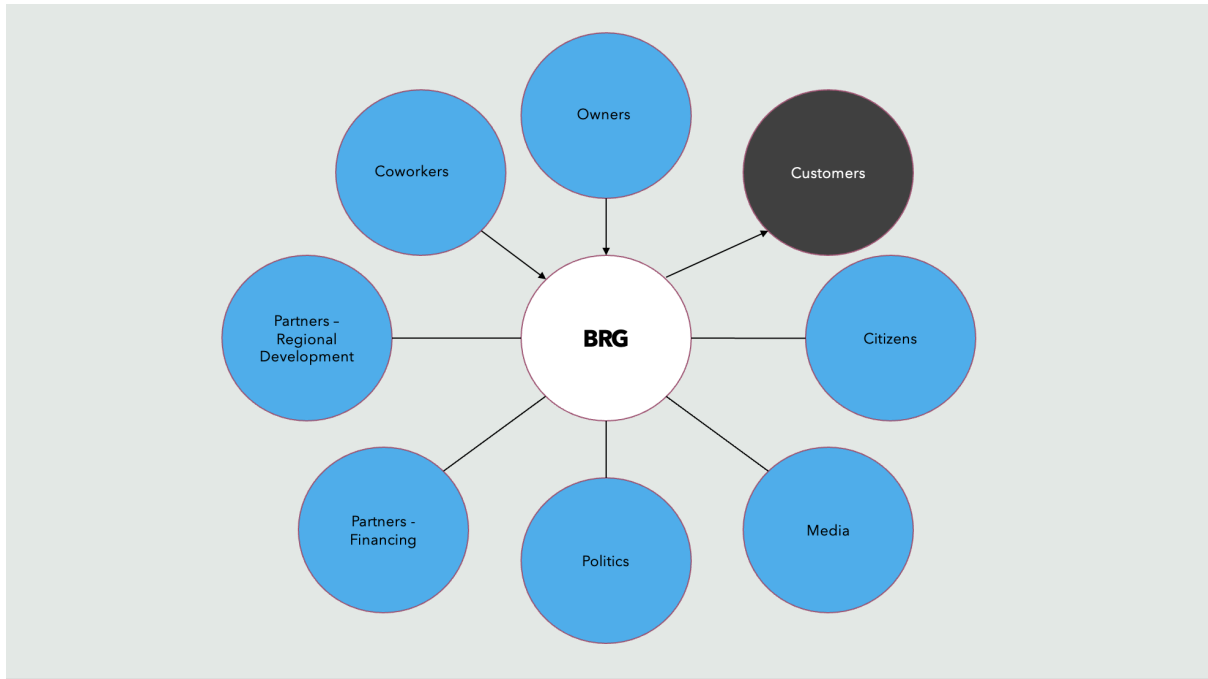
Figure 2. Stakeholder overview of Business Region Göteborg.

1.3 Purpose and Research Questions

The purpose of this research is to examine how the municipality is working for a better business climate and increased innovative power among the municipalities in the region of Gothenburg. Furthermore, the research will examine and investigate how the municipalities in the region of Gothenburg are working to progress to the goal of creating 120 000 new jobs by 2035. Better business climate and increased innovative power have an impact and a possibility for creating more job opportunities. The research aims to give valuable insights and information to BRG for evaluating, what is working well and in which areas there needs to put more work into.

To be able to achieve and realize the purpose of the report and provide BRG with valuable information, the following research questions have been developed.

- *How are the different municipalities working to improve its business climate and innovative power to progress towards the regional goal of 120 000 new jobs by 2035?*
- *What is needed for each municipality to achieve the municipal and regional goals by 2035?*

1.4 Contribution of the report

The report aims to contribute with literature and primary data, which has been collected by qualitative interviews with the responsible person for business life in every municipality in Gothenburg region. Furthermore the report will give information about how efficient the strategic program of Gothenburg is. Therefore it is worth questioning if this way of working is efficient or if alternative options need to be considered.

1.5 Delimitations

A municipality consists of several actors, which could be companies, inhabitants and public actors. Everyone that belongs to the municipality plays an important part to get it working, and every municipality is facing different challenges based on their current situation and conditions. As aforementioned, BRG's strategic program consists of six areas that they are working on in order to reach their goal and vision. This report has chosen to aim its focus towards business climate and innovative power. However, some areas still may be affected as some of them are interdependent. Hence, this research analysis and conclusion is based on the empirical findings which means that the authors remain impartial.

Additionally, it should of be noted that these two strategic focus areas are not the only factors affecting the possibility to create 120 000 new jobs in the region by 2035. Naturally, this will rather be influenced by a variety of internal and external factors on both a micro and macro scale, for example such as the COVID-19 pandemic which already had a noticeable effect on the program since its inception. However, all other aspects which could affect the end result of the number of job opportunities created have been excluded from this report as it is exclusively focused on the effect and realization of the focus areas of business climate and innovative power within the strategic program.

2.0 Theory

This section describes what theories have been used in this report, it should provide the reader with necessary information in order to be able to understand the scope of the research. The different theories are presented and have been used as a tool in order to connect the data to theory, in order to be able to identify analysis. It presents theories about innovation management, procurement, business climate, decision making processes and theories about the public sector.

2.1 Innovation management

Traditional theories on innovation have largely been focused on the structures and processes inside an organization, often referred to as closed innovation. As Chesbrough (2003) notes, this concept was centered around the notion that successful innovation requires control and self-reliance in the sense that companies had to do all things themselves if they wanted it done right. As a contrasting perspective to this notion, the concept of open innovation has emerged over the last weeks, which is centered around the idea that an organization should not restrict their innovation efforts to ideas originated from within their organization, nor should they restrict their internal knowledge from being used outside the organization. The logic behind this line of reasoning is the realization that not all smart people within a given field will work for one organization, meaning that an open innovation strategy is key for tapping into the knowledge and expertise from people outside the firm. Additionally, Chesbrough (2003) highlights that leveraging inside and outside R&D efforts often creates more significant value, that originating the research is not a prerequisite from being able to profit from it, and that long-term success is dependent on making the best use of both internal and external ideas. Companies must of course still manage the challenging task of being able to convert promising ideas and research into products and services that meet customer needs, thus Chesbrough (2003) conclude that organizations that can harness outside ideas to advance their own business while leveraging their internal ideas outside their current boundaries will thrive in an increasingly collaborative and open business environment. In relation to this Goffin & Mitchell (2017) also present three main ways of pursuing open innovation, outside-in meaning that an organization uses innovative ideas from outside actors to incorporate in their business, inside-out meaning that an organization provide their ideas and technology for others outside the organization, as well as coupled open innovation which refers to processes in which different organizations and other

players collaborate with each other in a market to develop products or ecosystems that benefit all parties.

In relation to the broader idea of open innovation, Boudreau & Lakhani (2013) have conducted research on the topic of using the crowd as an innovation partner, which is focused on how an organization can enhance their innovation efforts and product and service offerings by using individuals and other groups and tapping into their knowledge and problem-solving ability. Boudreau & Lakhani (2013) argue that one of the main advantages of utilizing the crowd as an innovation partner is that, unlike a typical organization, the crowd is a highly loose and decentralized group, meaning that they have distinctively different incentives than employees of the organization and are therefore likely to approach different problems in a more diverse and different way, which can often lead to more creative and better solutions. In relation to this, Boudreau & Lakhani (2013) also present the four different ways of how an organization can incorporate the crowd in its innovation processes, crowd contests meaning presenting a specific problem to the public for an incentive such as a cash prize, collaborative communities which means teaming up with existing communities of enthusiastic users or consumers, complementors referring to the process of allowing the crowd to offer their own complementary products or services based on the core product or service provided by the organization, and lastly labor markets, meaning that the crowd is invited by the organization to help solve smaller problems.

Traditional research on open innovation as presented by Chesbrough (2003) has almost exclusively been applied to the private sector and how private companies can use and leverage open innovation to harness outside ideas to provide a competitive advantage. In recent years however, the patterns of open innovation have become more prevalent in the public sector and although this field remains relatively unresearched several case studies on the topic within public organizations have emerged in the last few years. One of the earliest and most prevalent case studies on open innovation in public organizations in a Nordic perspective is Fuglsang (2008) who identified that patterns of open innovation were present in the creation of a public healthcare center in Copenhagen in 2005, thus rejecting the notion that the concept of open innovation is solely limited to the private sector and the objective of obtaining a competitive advantage. Fuglsang (2008) argues that open innovation can be a highly useful tool particularly in relation to service development in the public sector, but notes that there are several unique actions that a public organization must take to capture the benefits of open innovation, which are defined as getting involved, identifying demand, exploring incentives for co-creation, and encouraging entrepreneurship.

2.2 Innovation management in the public sector

Innovation in the public sector is in several ways different from the efforts and processes regarding innovation in other types of organizations. In relation to this, Bason (2018) presents a brief timeline of public sector innovation starting with public managers recognizing innovation as imperative in the 1990's and beginning to decrease the often prevalent and significant barriers to innovation in the public sector such as bureaucracy. Subsequently, Bason (2018) presents co-creation as a key concept for innovation in the public sector, defining this term as "a creation process where new solutions are designed with people rather than for them". Bason (2018) argues that this challenges the traditional view on public managers in relation to policy development and encourages them to go beyond traditional committee meetings, stakeholder hearings, and customer research and instead encouraging notions such as participatory design, design attitude, and design thinking. Bason (2018) perceives co-creation as vital for the public sector to create for a better society and future, noting that this results in involving more people from inside and outside the organization, providing greater involvement of people, different creative processes as well as a different mode of knowledge to the public innovation and decision-making processes. Further, Bason (2018) notes two key benefits from co-creation, divergence and realization. Divergence refers to a greater variation of ideas and suggestions being brought forward, giving decision-makers a wider range of options to consider. The point of divergence is also highlighted by Hartley (2005), who notes that increasing divergence provides innovation efforts with greater theoretic knowledge base from sources such as qualitative, ethnographic research, graphic visualizations, and audio-visual material. Additionally, Hartley (2005) notes that bringing these types of knowledge into play triggers dialogue that can help enable new common understandings and interpretations of problems, challenges, and opportunities. The second benefit, realization, refers to how co-creation anchors the creative process with the people it concerns (Bason, 2018). This includes every stakeholder ranging from IT developers responsible for making programs operational to the citizens who will ultimately utilize the service, and this type of anchoring along the entire value chain greatly increases the probability of ultimate success, which in this case is defined as a service being adopted by citizens and a positive user experience (Bason, 2018). This point is also reiterated by Gillinson et. al. (2010) who conducted one of the most ambitious studies on change in public organizations covering over a hundred cases, who concluded that connecting various stakeholders throughout the entire creation process, not just in the final piloting or implementation, results in sharp increases in productivity, enhanced service experiences for citizens and business, stronger outcomes and increased ownership all at the same time. Gillinson et. al. (2010) further claim that this phenomenon, which they refer to as radial efficiency, is generated by leveraging outside perspectives on how public organizations

solve their tasks today and redefining the relationships between government institutions, communities, and citizens.

2.3 Business climate

Business climate and its effects on company and regional performance has been a widely discussed topic for many decades, and Eriksson et. al. (2014) contributes to this research area from a Swedish perspective by studying how both business climate and people climate contribute to regional performance based on measures of gross regional product per capita (GRP). In relation to business climate, Eriksson et. al. (2014) find that size of the region alone has no impact on GRP, but rather the degree of relative specialization within the region. Interestingly, the Swedish case study contradicts previous research on the area in that Eriksson et. al. (2014) finds a negative relationship between investments and the employment rate in the region, which is explained by investments largely being made into labor-saving technologies. Conclusively, Eriksson et. al. (2014) find that in terms of business climate, high relative specialization as compared with the national economy has a positive effect on regional performance in GRP, whereas employment is positively influenced by lower levels of specialization or diversity.

In terms of people climate, integration, relative public supply and social assets are all found to have a positive correlation with regional GRP performance. Interestingly, Eriksson et. al. (2014) also find that cultural supply has a positive effect on GRP performance but not on regional employment rates, thus it is argued that this factor is not as important as the aforementioned factors from a welfare perspective. This creates a somewhat complicated structure with several aspects depending on one another, making the overall impact of these factors related to people climate to be estimated accurately. For example, Eriksson et. al. (2014) find that diversity and heterogeneity to be positively correlated with a higher regional GRP performance, but also note that this is highly dependent on other related factors such as it requires a better integration and lack of "ghettoization" in the region to be factors contributing to better performance.

2.4 Business climate in the public sector

Conroy et. al. (2016) study how American manufacturing firms relocate between states based on differences in business climate between the origin and destination state. Previous research

in the area by Deller (2009) finds several variables which are used to study the perceived attractiveness of the destination state: size and agglomeration metrics for manufacturing, labor characteristics, energy costs, taxes, government services, and indicators of state business and political environment. Based on these metrics, Deller (2009) notes the importance of agglomeration economics for relocation decisions and finds that a concentration of firms within an industry attracts other companies in the same or complementary industries. The research by Conroy et. al. (2016) largely supports these findings, but also note that a firm's spending on research and development (R&D) seems to play a significant part in relocation decisions, with taxes being the most prominent factor for these firms. Specifically, Conroy et. al. (2016) note that firms at the highest levels of R&D spending tend to leave states with higher corporate income taxes, whereas no correlation can be found with other types of taxes such as property tax. Conclusively, Conroy et. al. (2016) find that firms in more knowledge-intensive and innovative sectors, based on R&D spending, seem more likely to account for regional characteristics for relocation decisions compared to companies in other industries, with a preference for these firms to move to states with a lower share of manufacturing output, lower energy costs, and lower corporate income tax. However, Conroy et. al. (2016) also note that while the findings related to the aforementioned variables are statistically significant, their effects at the mean are infinitesimal, indicating that efforts by states to encourage relocation based on traditional perspectives on business climate is unlikely to succeed.

Kolko et. al. (2013) also focus their research on business climate indexes and how well they measure economic growth and public policies for a region. The authors note that a fundamental goal of government policy is to encourage economic growth, which naturally make these measures highly relevant in assessing the overall policies and work of the region. In relation to this, Kolko et. al. (2013) note that traditional indexes to measure business climate often are focused on variables such as productivity, taxes, and costs, while noting that business climate indexes that emphasize taxes and costs accurately predict economic growth and are especially accurate for the manufacturing sector, whereas indexes emphasizing productivity do not predict growth in neither employment nor taxes. It should however be noted that these indexes are solely aimed at capturing business climate through the lens of economic growth, and that other policies could also impact the overall development of economic growth and business climate such as welfare and transfer payments. Lastly, Kolko et. al. (2013) remark that public organizations that create these types of indexes often have a political agenda and that these indexes are additionally used highly selectively in policy debates, which naturally is an aspect that should be considered when analyzing business climate indexes in relation to governments and other public organizations.

2.5 Procurement and innovation

Innovation in the public sector is a prerequisite for meeting today's and tomorrow's societal challenges. By purchasing, introducing and using innovative solutions in public organizations, better services, community service and higher benefit offers can be provided to citizens. Innovative solutions can also lead to promote the growth of competitive innovative companies (Upphandlingsmyndigheten n.d). According to Upphandlingsmyndigheten (n.d), public procurement doesn't per sé aims to buy certain innovations. Innovation procurement is instead about the intention of it, that a procuring organization promotes innovation in its procurement process by requesting or allowing new solutions. It is rather a way of promoting development in and through public procurement. Innovation procurement could be used when the public organization identifies a need when the market or a certain organization is changing or potential for development which could be, there is a large economic and environmental impact on the product's life cycle (Upphandlingsmyndigheten n.d).

Public demand, when oriented towards innovative solutions and products, has the potential to improve delivery of public policy and services, which often generates improved dynamics and benefits from the associated spillovers. Even though public procurement has been neglected for many years (Edler & Georghiou 2007). Over time it has been shown that public procurement has had a greater and significant impact for innovation than R&D subsidies. Procurement policies as an instrument for innovation is considerable at 16.3% of the combined EU-15 GDP, public procurement represents a key source of demand for companies in sectors such as construction, health care and transport. However, with a few exceptions, for many years the potential offered and challenges posed in using public procurement for innovation have been largely ignored in innovation policy. Both conceptually and in practice. According to Edler & Georghiou (2007) the less use of it could be answered due to stronger rules and laws for competition in the European Union. Edler & Georghiou (2007) introduces and presents different forms that public procurement of innovation can take place. Strategic procurement, direct public procurement, versus catalytic procurement and lastly commercial versus pre-commercial procurement. Strategic procurement occurs when demand for certain technologies, products or services is encouraged in order to stimulate the market. Strategic procurement is as a rule associated with sectoral policy and therefore to a large extent again is neither initiated nor co-ordinated by the ministries responsible for innovation. Governmental procurement is generally organized such that innovation becomes an essential criterion in the call for tender and assessment of tender documents. There are some strategies where the state buys, not only for their own purpose, but also to support private purchase in their decision making process. This is called co-operative procurement, when different governmental agencies buy jointly with private purchasers and both utilize the purchased innovation. Catalytic procurement

occurs when the state is involved in the procurement or even initiates it, but the innovations are ultimately used exclusively by the end-user. The definitive feature with catalytic procurement is that while the state often itself appears as the buyer, the real market penetration effect is achieved by subsequent private demand. An example of this is the transition in the energy market in Sweden in the 1990's. The desire to use procurement for innovation has spurred new initiatives, especially at the European level. The basic idea of public pre-commercial procurement is that it targets innovative products and services for which further R&D needs to be done. Thus, technological risk is shared between procurers and potential suppliers. This meaning, that potential producers are still in the pre-commercial phase, the products and services delivered are not "off the shell". This could be seen as almost equal to a R&D contract (Edler & Georghiou 2007).

The justifications and rationales for the use of public procurement to spur innovation relates to three different levels. First public procurement is a major part of the local demand in a certain area, which constitutes a major factor in the location decision of MNEs and in the localisation process to generate innovations in a certain location. The second level, there are several market and system failures affecting the translation of needs into functioning markets for innovative products where public procurement can help avoid this dilemma. Lastly, purchasing innovative solutions offers a strong potential for improving public infrastructure and public services (Edler & Georghiou 2007).

2.6 Procurement in the public sector

The role of public procurement as an instrument in stimulating innovation has been increasingly emphasized by different European policymakers. This perspective raises demand for understanding of public procurement as an activity taking place in a variety of different procurement contexts and also as an act of innovation (Hommen & Rolfstam 2008).

Public procurement refers to the acquisition of goods and services by government or public sector organizations, and is one of the key economic activities of the government. Regarding the scale of public procurement, recent estimates suggest that between 8 and 25 per cent of the gross domestic product of organizations for Economic co-operation and development countries and 16% of EU GDP being attributable to government purchases of goods or services. Prior research has differentiated between different types of public procurement and argued that procurement represents an important policy tool that could help to achieve outcomes in society that are consistent with broader policy goals (Brammer & Walker 2011). Another important

aspect in this topic is the role the government can play as a stimulus for innovative activity among companies in a region. As Edler & Georghiou (2007) talks about the importance of public procurement as an innovation policy tool, so do even Brammer & Walker (2011).

Uyarra & Flanagan (2010) refers to public procurement to the process of acquisition of goods and services by the government or different public sector organizations. A common and usual distinction is often made between "normal" and "regular" public procurement, and also "public technology procurement". Regular public procurement is said to occur when public sector organizations buy ready-made products for which no R&D is required and which about purchasing and supplier selection decisions can be made on the basis of readily available information about price, quantity and performance given the existence of standardized markets. A third way is, when the public sector directly procures R&D to support activities and decisions of government and public authorities. Public procurement is however already an important policy where one of the main aims is that it must remain to ensure the quality of government services and the use of products and services for the public sector. Public procurement needs to conform with a particular legal and regulatory framework with its own requirements for transparency and non-discrimination. Public procurement entails political as well as other kinds of risk and incentive structures that clearly differ from the private sector. This could be translated into risk factors in procurement. As public organizations serve the society and several groups of people, public procurement frequently seeks to address additional strategies, that is policy objectives such as regeneration, welfare, sustainability and innovation (Uyarra & Flanagan 2010). According to Uyarra & Flanagan (2010), strategic decisions are also made in the public sector for reducing risk and allowing cost-saving. These entail merging or aggregating requirements, standardizations, specification setting and supplier management.

Over the years, public procurement has been used more frequently in order to accomplish a variety of policy objectives where innovation is included. In the past, collaboration between public agencies and private suppliers has played an important role in achieving more innovation. A historical example and such development that underlies the success is the collaboration between the Royal board of Waterfalls (Vattenfall) and ASEA (Allmänna Svenska Elektriska Aktiebolaget), which is a Swedish electrical engineering company which later merged with Swiss BBC Brown Boveri and formed Asea Brown Boveri. Through this collaboration it made it possible for the public agencies to provide with necessary willingness in taking risks which were associated with innovative technology, as well as pressure to do so in situations when private suppliers hesitated (Rolfstam 2009). The recent renaissance of using public procurement as a direct tool in stimulating innovation has come along with some complications and questions, the debate about what should and should not be included has been brought to the table. A public agency may obtain directly as a response to an intrinsic need acting as a proxy customer or as a linkage creator between customer and supplier. In interest

in this saying from Rolfstam (2009) is, the impact of public procurement on innovation, to what extent its ability is to generate innovation.

Public procurement is expected to meet higher standards of transparency, integrity, accountability and behavior as well as having to deal with multiple conflicts. Political goals and the political responsibility of politicians that places demand on public procurement that are not found in private procurement. Public procurement has several stakeholders that need to be kept in consideration such as citizens, management, unions and tax payers where the different groups have different purposes (Grandia 2018). Grandia (2018) introduces and discusses the importance of the differences between private and public. The most important distinction between the two is the constraints of rules and regulations that apply only to public procurement. These rules and regulations are laid down in numerous national regulatory frameworks, where the goal of these is to ensure high standards of e.g. integrity. Grandia (2018) suggest and underlie that public organizations shouldn't avoid these rules and regulations in dodging for instance, innovation. The role of public procurement as a management function and tool has matured and increased over the past years, and has become an important part. In public procurement for innovation there are several actors that may be included in the process, but two fundamentally important ones are the public procure and supplier/suppliers. A public procurement of innovation consists of a public problem where the solution is attained through the utilization of knowledgeable availability among suppliers. But in order to make the innovation happen, knowledge about the problem needs to be communicated to the different suppliers and the awareness of available solutions also needs to be communicated to the specific procurer. In order to make it easier to understand public procurement and innovations, institutions need to be taken into account. Institutions could be seen and identified as the "rules of the game in a society", that also puts the effort in shaping interactions or "sets habits, routines, rules, norms and laws" which regulates relationships between people and shapes human interaction. As aforementioned, the topic has been brought up to the table on a EU-level, where the EC Directive on Public Procurement is the institution (Rolfstam 2009).

2.7 Decision making processes in the public sector

Decision making processes, is referring to making a choice or decision. The public sector has a unique possibility of establishing system goals and standards. According to Kahalas (1976), goals and standards are one of the three critical input elements in the decision making process, the other two are the decision maker's personality and the environment. A decision maker in a public sector could either be an individual or a group. The process starts with the effort in the decision to define and analyze the problem, to understand the substance of the situation more

clearly. If the decision maker perceives the problem as substantive then he will recognize the need to take one or several actions upon the problem. Afterwards the decision maker must take some actions in order to establish the effectiveness standard against which the action is to be measured. This standard should be influenced by the goals of the organization and the interacting of organization sub-goals, due to any standard which the decision makers select must move the organization toward its overall goals. At this point of the process the decision maker starts to consider the possible outcomes of his decision. When the standards about the problem are established, then a variety of solutions in solving the problems must be generated. As the different alternatives have been generated, each and one of them should be considered as an alternative strategy in problem solution. It is suggested and important that the different solutions should be compared to previous standards and the consequence of these solutions considered.

Nowadays, when making decisions of general relevance and interest the public sector is forced to demonstrate that such choices and decisions are based, acknowledge uncertainty and also consider costs and benefits. As we have lived in a time connected with a lot of uncertainty, it makes these efforts even more harder and complicated. The economic conditions imposing austerity measures and constraints on public expenditure make the provision of such an essential service in critical areas such as healthcare and education even more challenging (Genovese 2019). As aforementioned, the public sector in the decision making process must take several stakeholders' interests and perspectives into account and be able to identify a variety of trade-off solutions among different objectives and goals. Genovese (2019) introduces a method that could help the public sector in their decision making process, called Multi Criteria Decision Making, which is an approach that enables a viable decision support for strategic and operational planning activities in the public sector. This has been a useful tool over the past years and the approach in itself has been developed to become more efficient. However, as Kahalas (1976) argues about in the decision making process, the procurer needs to have a wider perspective in the beginning and needs to narrow it as time goes by in order to make the best possible strategic decision as they find the most valuable for all the different stakeholders and actors.

2.8 Managing for a higher purpose

It could be hard to distinguish how to capture all the economic benefits in a social and societal context. Therefore, companies sometimes need to collaborate and team up with governments, NGOs and even rival's to capture the economic benefits of social progress. The term creating

shared value is something that has risen increasingly throughout the past years. If business could stimulate social progress in certain different regions, poverty, pollution and disease would decline and corporate profits would rise. This is due to two reasons as Kramer & Pfitzer (2016) announces. The legitimacy of business has been sharply called into question with different companies seen as prospering and growing at the expense of the broader community. And, at the same time many of the world's problems from income equality to climate change are so far reaching solutions that require expertise and scalable business models in the private sector. Even corporations that once were known for hard driven approaches have embarked on significant shared value initiatives. Many, if not all companies participate in a shared ecosystem which means they don't operate in isolation. In the ecosystem they share the societal conditions that may curtail its markets and restrict the productivity of its suppliers and distributors. Governmental policies present their own limitations and cultural norms also influence demand. These different conditions are beyond their own control, for many companies. In order to advance shared value efforts, businesses must foster and participate in multisector conditions and for that specific purpose a framework is needed. Governments, NGOs, companies and the community members all have essential roles to play, but yet they often work separately rather than in alignment. Thus, its collective impact is extremely important and has facilitated successful collaborations in the social sector and it can help companies in guiding efforts to bring together the different actors in the ecosystems in order for change. Kramer & Pfitzer (2016) underlies the importance that companies that turn to collective impact will not only advance social progress but will also find economic opportunities that their competitors will miss. Collective impact is based on the idea that social problems arise from and persist because of a complex combination of actions and omissions by players in the different sectors, and can therefore be solved by the different actors in that section, from businesses to governments agencies and inhabitants. As aforementioned, collective impact helps in decreasing e.g poverty and pollution. By bringing together all the different actors and their perspective of view on the issue, collective impact initiatives foster a shared understanding and it becomes easier to deal with and create workarounds in solving the issue. Businesses have big potential and can bring assets in participating for collective impact. Usually they know how to define and achieve objects within a limited amount of time and resources. They do understand management of change and how to negotiate and companies who have considerable assets for growth but face resilience are constrained by societal problems and arguably have greater motives to deal with them.

Kramer & Pfitzer (2016), describes five different elements that need to be in place for collective impact to achieve its aim of large-scale social change. A common agenda, a shared measurement system, mutually reinforcing activities, constant communication and dedicated support from one or several independent organizations. A common agenda, participants must reach a shared vision for change and a joint approach to a solution. This not only helps align

their efforts but also defines each organization's commitment and determines how data will be shared within and outside the group. It is important that the agenda consists of each participant's perspective and interests into consideration, where this can be time consuming and demanding. It is suggested that companies should initiate in trying to reach a common agenda and use their relationships to assemble key participants. A shared measurement system, in order to make this part work the participants need to agree on a single list of short indicators that determine how success will be measured and reported. By organizing it in this way it helps to formalize the common agenda, establishing a base for understanding as a group of what's working and not as each organization implements its activities and creates the stage for ongoing adjustments. Mutually reinforcing activities, collective impact does not necessarily mean or require that all the different participants are doing the same thing. Instead, should different stakeholders engage in mutually reinforcing activities. Each organization should focus on what they do best, which preferably should be in line with their capabilities. Normally, initiatives from different working groups address their perspective of the problem. Through their supply, distribution and administration businesses are practiced in coordinating with several organizations with different specialities and capabilities. It makes it easier for them since they can in an easy way evaluate the different participants strengths and weaknesses and at the same time offer their own expertise. Constant communication, all the different players must engage in frequent and structured communication to build trust and in order to coordinate mutual objectives. Building trust among NGOs, governments and competing business is not an easy goal to achieve, however constant communications and consistent follow through on commitments can overcome even long standing suspicions. Good communication also helps in and foster legitimacy and learning. Different companies are usually good in and bring expertise in creating effective messaging for different audiences and target groups and also have good and sophisticated teams for in-house communication. Dedicated support, a separately independent staff dedicated to the "backbone" of the project is required. It is needed in order to guide vision and strategy, support activities helping to establish shared measurement practices, build public will, advance in a political manner and also mobilize resources. On the other hand, these activities can be managed by one single organization or divided among several with differing competencies and skills. This backbone function ensures that all the different working groups remain in alignment and informed about ongoing topics. However, they can finance in launching this support for online communication and for coaching, in some cases they can introduce six sigma and other functions for continuing improvement processes. Together, these five elements could be hard to implement due to the fact that all of the different organizations that are participating and several individuals are affected by the social question due to their own individual background in terms of perspectives, cultures and ideologies. To realize and take advantage of the potential benefit, collective impact requires a new kind of management, which is sometimes called system leadership. This kind of leadership must frame their own intentions and the overall situation in a way that motivates and creates legitimacy among the

different participants. System leadership requires persistence and the ability to listen carefully and see the reality through the different stakeholders (Kramer & Pfitzer 2016).

3.0 Methodology

This section aims to present the research method in order to complete the research and be able to answer the research questions of the report. This section presents research strategy, research design, research quality and data collection and the sub categories to it. This research is done by a qualitative approach with interviews as primary data.

3.1 Research strategy

Broadly speaking, the research strategy refers to the approach taken to the entire process, covering aspects from the choice of methods to the research question and the role of theory (Bryman & Bell, 2011). This section also includes a short introduction of our chosen research design, which Bryman & Bell (2011) refers to as an overarching framework for the collection and analysis of data. These aspects naturally have to be chosen carefully and with a clear and thoughtful connection to ensure that the quality of the research is high, and as such these choices and the motivations behind them will be explained in more detail below. In terms of research strategy, we firstly should consider the goal for the proposed research. One of the main goals is to examine the different goals, motivations, and actions of different actors within Business Region Göteborg, and how well these connect to the vision set by the region to be one of the most innovative regions by 2035. As we will mainly be looking to gather these softer values from respondents and comparing and contrasting their different viewpoints and motivations in order to answer our proposed research question, we thus believe that a qualitative research method is best suited for our report. This naturally has implications for other aspects of our research strategy such as the role of theory and the different assumptions made throughout the research. In terms of theory, qualitative research is often accompanied by an inductive approach to theory, meaning that theory is viewed as the outcome of research and drawing generalizable inferences out of observations (Bryman & Bell, 2011). This means that our general process for gathering theory will be a collection of theory before the collection of data, but that this theory will be revisited once observations have been made and findings have begun to emerge from the data. In relation to the chosen method, it is also relevant to reflect on the philosophical assumptions associated with this approach. Again, this is relevant to ensure that all aspects of the research strategy and design is most relevant in relation to the path chosen, and therefore the assumptions taken for this research is likely to be similar to those emphasized by Bryman & Bell (2011) as most relevant for qualitative research, namely to reject the notions

of positivism and instead viewing social reality as a continuously shifting phenomenon emerging from the creation of each individual.

3.2 Research design

In relation to the choice of conducting qualitative research, we also propose a research design aimed at achieving the best possible insights through our data collection and analysis for the chosen research method. In our case, this means that our research design is focused around qualitative interviews analyzed through thematic and inductive analysis. The reason for this choice of research design is that it allows us to capture the thoughts, feelings, motivations, and actions of each respondent in a controlled and comfortable environment. We also believe that this type of analysis is best suited for our proposal as it allows us to thoroughly analyze the similarities, differences, and patterns in the answers of each respondent which in combination with the theoretic framework should provide us with a good basis to answer our research question.

When conducting research, it is naturally of the upmost importance that all the choices for all aspects of the assignment are relevant and suitable for the overall goal of the report. For example, the method used must generate data that is useful for the research question that we want to answer, meaning that our analysis must also analyze the data from a suitable lens. As such, this creates a loop in the sense that all aspects of our research must be relevant to the other aspects and the overarching goal of the research, as even one incorrect or irrelevant choice could significantly lower the overall quality, reliability, and validity of the research. Constructing a research strategy, research design, and making choices regarding the method and analysis should therefore always be a thorough and conscious process where all details are related to the general research strategy.

3.3 Research quality

This chapter presents the quality of the researchers in terms of its validity & reliability. It discusses and presents how these different approaches have been used and considered during the research, and how it contributes.

3.3.1 Validity

When you are doing qualitative research it is important to ensure that the investigation serves what is to be investigated in order to answer the research question of the report. Validity and reliability do have a relationship, where one of them can't be excluded (Davidsson & Patel 2011). It is fundamental to achieve a high validity for this report in collecting trustworthiness data in order to answer the research question. Validity refers to whether you are observing, identifying or measuring. Bryman & Bell (2011) argues upon the importance of validity and introduces the differences about internal and external validity. Internal validity is connected to whether there is or isn't a good fit between the researcher's observations and the theoretical ideas that are being used. It is argued that internal validity is a fundamental strength in qualitative research. External validity is referred to how the researchers findings can be generalized across different social settings (Bryman & Bell 2011).

3.3.2 Reliability

According to Bryman & Bell (2011) reliability is concerned with the dilemma whether the results of the study are repeatable or not and the term is helpful in distinguishing the qualitative of the research. When doing qualitative research it is suggested to bear in mind the differentials about external and internal reliability. External reliability is related to, as aforementioned, to what extent the research could be replicated and be done again where this is argued to be difficult in a qualitative research. The data collection for this survey is done by several interviews, and in that sense it is hard to replicate the different social circumstances that the interviews play. Internal reliability, by which they mean whether there is one or several members that could agree upon what the respondents say (Bryman & Bell 2011). For this research structured interviews will/has been done, therefore the reliability will be connected to the interviews and the interviewers ability.

3.4 Data collection

In order to be able to answer the research question of the report, one of the most fundamental aspects in order to do so is collecting data and how the data can be used to answer the question. According to Bryman & Bell (2011), there are two different kinds of data which are primary data and secondary data. For this report both types of data have been considered. For primary data 13 interviews have been done in order to achieve empirical understandings of the topic, to draw analysis and find conclusions which is why more effort from the authors has been drawn

to this. By working with both primary and secondary data combined helps in contributing to a higher external validity. The primary data consists of interviews, aforementioned with the different business committee representatives from the municipalities, since they are the ones who are in charge and can provide the report with valuable information on how they are working with innovation and business climate. The secondary data of this report consist of different articles and other materials which helps in contributing to the goal and purpose of the report.

3.4.1 Primary data

As aforementioned in the previous section our primary data has been conducted by different interviews with the business committee representatives from the different municipalities in Gothenburg region. Due to the scope of the research and the research question, interviews are being seen as the preferable choice (Davidsson & Patel 2011). By doing interviews it provides us with other valuable information, in terms of the respondents own elaborations and thoughts about the topic which is considered to be important to draw analysis and conclusions and questions could also be answered that aren't included in the questionnaire. By doing this kind of use of primary data, it comes along with both advantages and disadvantages. One disadvantage is the process of doing qualitative research is time consuming. The activities that it contributes in which is transcribing, analyzing the result and the interviews in itself (Bryman & Bell 2011). But, the advantage of going with this approach is that it gives the researchers a deeper and wider knowledge about the topic, which is why it is argued that the advantages are greater than disadvantages and therefore could be seen as the preferable approach.

3.4.2 Secondary Data

As aforementioned, the main data of this report is collected through different interviews with a semi structured approach, but the report included secondary data as well. By using secondary data, it is suggested to be a good way to contradict and strengthen our arguments that have been collected through our interviews. Secondary data contributes to different advantages, cost and time saving. Secondary data offers good quality data from different resources (Bryman & Bell 2011). To mention, one secondary data that has contributed with great knowledge for this report is the strategic program from Gothenburg City, that has provided valuable insights such as, goals, strategies and action plans.

3.4.3 Respondents

Since the goal and aim of the research is in collaboration with Business Region Göteborg our respondents for the report are quite limited. It is important to interview all the different business committee individuals in the different municipalities to get information about how they are working, since there is a possibility that their way of working can be various. Thus, the gatekeeper, at Business Region Göteborg Pia Areblad provided the researchers with each individual's contact details in order for invitation to a meeting; this means that the sample size hasn't been randomly selected. It could be seen as a more strategic and obvious way of choosing individuals and these individuals are more or less the ones with the most knowledge about these subjects. Due to the time constraints of the study, the respondents chosen for this report were limited to representatives from each municipality who are responsible for working with and realizing the strategic program on a local level, as well as being the main contact person and municipal representative in the regional cooperation as these were deemed to be the most knowledgeable about the program and its areas as well as the best understanding of how it is being realized.

3.4.4 Interviews

The first aspect is interview structure, which is essential not only for the types of answers and data that is yielded from each interview, but also for the subsequent type of analysis that is possible to conduct on the data. For this assignment we will conduct semi-structured interviews, a decision based on the notion that we want to provide each respondent the freedom to cover the topics they find most relevant and interesting more in-depth in their interviews, while still having a general list of questions to be asked and topics to be covered ensuring that all relevant areas are covered in each interview in order to make sure that respondents would give concrete answers to certain questions and to get a higher degree of comparability between the interviews (Bryman & Bell 2011). As aforementioned, this approach is time demanding. In order to avoid lack of time the researcher's created a timeplan for conducting the data, which helped in this matter. Bryman & Bell (2011) argues upon the risk of subjectivity when doing qualitative research. In order to avoid this dilemma, the researchers have, ahead of every interview, presented the purpose, research question and goal of the report to keep it as unbiased as possible. Since all the different representatives from the municipalities speak Swedish as their mother tongue, all interviews were held in Swedish. For the different interviews, Microsoft Dictate has been used as a time efficient tool to get the respondents answer in a document, which has saved time for transcription. The interviews in this report were in-person and digital. Those meetings which were digital, tools such as Microsoft Teams and Zoom have

been used to arrange the meetings. In total there were seven interviews in-person and six interviews digitally.

3.4.5 Qualitative interviews

To explain our choice of research design in more detail, we will now argue more in-depth for why we perceive that qualitative interviews are the best method for our research topic and research question, and more specifically how these interviews have been conducted to ensure that we collected the best data possible to help us answer our research question. As previously mentioned, qualitative interviews are seen as a suitable method when trying to capture the true and unfiltered reactions, feelings, and thoughts of the respondents, and that it is the best method for capturing discussions that best resemble everyday human interactions (Brinkmann, 2013). This is relevant to our study as we aim to capture and contrast the feelings, wants, and needs from various stakeholders in relation to Business Region Göteborg's vision 2035, and we therefore feel that this is best done through qualitative research and through the method of interviews. Brinkmann (2013) also highlights four key aspects that need to be considered to ensure that the best possible data is obtained, which will be presented and discussed in relation to our research below.

The first aspect to consider is the dynamic for the data collection, with several options such as one-on-one interviews, group interviews and focus groups. For this assignment, we conducted each interview in a setting of one respondent and two interviewers per interview. While this type of interviewing demanded more time and resources for us compared to group interviews, we see it as a key for the quality of our data as this dynamic is seen as preferable when wanting to get more in-depth and personal data from each respondent as they are likely to be more open in their responses in this setting, with an additional advantage being that it gives the interviewers more control of the interview in the sense that they can steer the interview in the desired direction more easily if needed (Brinkmann, 2013).

The second aspect is the medium through which the interviews are conducted. In relation to this assignment, we have decided to conduct both in-person interviews and interviews through digital meetings tools such as Zoom and Teams. The primary advantage of in-person interviews is that they provide a greater degree of information as they allow the interviewer to capture more data than just the words said by the interviewee such as body language and facial expressions. This means that if these aspects are taken into account by the interviewers, in-person interviews collect the greatest amount of data per interview and can provide another

layer to the analysis (Brinkmann, 2013). For digital interviews on the other hand, the main advantage is that they allow the interviewers to reach a significantly greater number of potential interviewees due to the increased flexibility of the circumstances for the interview and the lack of need for any party to travel for the interview. As our group of potential interviewees for this assignment is different stakeholders in Gothenburg and the 12 surrounding municipalities, we have conducted a mix of in-person and digital interviews. For the respondents situated in or close to Gothenburg, our preferred interview medium has been in-person interviews in order to build more rapport and trust with the respondents and maximize the amount of data generated from each interview. Based on the availability and to best accommodate each interviewee, we have however conducted a number of interviews through the use of Zoom and Teams. This has been to ensure a better diversity in our pool of respondents meaning that we will have representation from all 13 municipalities in our report and that we were able to maximize the number of interviews given the constraints of the study in relation to the limited timeframe and the costs associated with if we had interviewed every respondent in person. It was however also important for us to ensure that these different interview mediums did not negatively impact the degree of comparability between the interviews, but since all of our digital interviews were conducted through digital meetings tools like Zoom and Teams where all respondents had their camera turned on, we feel that we were able to capture most nonverbal communications such as facial expressions from the respondents, thus gathering similar amounts of data to the in-person interviews and maintaining a high degree of comparability between all interviews.

The third aspect to consider is the interview style that we as interviewers take on during the interview, which is an essential aspect to consider given how greatly this can impact the data collected from the interviews. We have conducted interviews with a receptive interview style, meaning that we as interviewers take a more passive role and allow the respondent to largely answer the relatively few and open questions in the way they feel is most relevant or interesting (Brinkmann, 2013). This goes in-line with the aforementioned interview structure where we want respondents to largely steer the interview and focus on the areas they feel are more important for them, however we do also note that we at times have had to be more assertive in certain instances in order to ensure that all aspects of the interviews are covered, but also during follow-up questions in order to understand the reasoning behind some responses.

Lastly, the fourth aspect to consider is the selection of respondents. For our study, we have identified the relevant respondents as decision-makers in the public governance bodies and organizations in each of the 13 municipalities. We therefore need to ensure a wide variety in respondents and that all of these stakeholders are represented in our selection. Additionally, we have utilized our contacts within Business Region Göteborg to act as gatekeepers allowing us to come in contact with relevant respondents. Gatekeepers are a useful tool to map and contact different potential respondents, but they are also a way to ensure that the respondents do not

have a close prior connection to the interviewer, which could be a bias that impacts the validity and quality of the data collected (Robinson, 2014).

3.4.6 Interview guide

The semi structured interview approach helps in getting a more detailed and in depth answers from the respondents, where the respondent gets the opportunity to speak more openly and widely about the topic where this approach also helps in touching upon objects the researchers haven't thought about ahead of the interview. When conducting a questionnaire it is important to keep in mind about the degree of standardization and structuring (Davidsson & Patel 2011). For this research and the conduction of the questionnaire it is important to keep in mind about structuring, which relates to the interview person's ability to interpret the questions freely since the purpose is to get a well answered question and a wider understanding. Because the data collection consists of several interviews it is also important to work in alignment with standardization as well, since it is of interest to compare how the different municipalities are working and operating (Davidsson & Patel 2011).

3.4.7 Coding and Data analysis

Thematic analysis is a strategy for approaching qualitative data, which for this thesis has been 13 different interviews as primarily data. With this approach, the data has been categorized into different themes and codes which has helped structuring the data. As Bryman & Bell (2011) suggest to code the data as soon as possible since it helps to structure and sharpen the understanding of the data, where the transcriptions of the interviews have been done shortly afterwards the interview sessions. In order to avoid subjectivity, both authors have read through the transcription papers and have a continuous dialogue to highlight what has been the most important saying for this thesis to achieve its purpose and answering the research question. It is of importance to read through the transcriptions in order to identify keywords, phrases and common said meanings which helps to interpret and theorize in relation to the data. One of the main advantages of using this method was that it easily helped to understand what data was important and not, and on the other hand it was also a disadvantage since some data and content were left out. Another importance of using this approach which needs to be highlighted, the internal reliability increased (Bryman & Bell 2011). From this procedure five different themes have been identified and connected to the theory in order to draw an analysis. The data analysis had an important part for understanding and structuring the data, as aforementioned. The

collected data were afterwards inserted into table 2, where the most important sayings from all municipalities had been gathered and could easily be compared to what other business managers thought about the different themes.

Table 1. Table of interviewees.

Municipality	Name	Area of responsibility / Position	Channel	Date	Length
Ale	Per Brohagen	Head of Business	In-person interview	2023-03-14	38 min
Alingsås	Christoffer Zevin	Business Manager	Teams	2023-04-05	1h
Göteborg	Ulrike Firniss	Director of EU affairs	In-person interview	2023-04-11	39 min
Härryda	Fredrik Olsson	Head of Business	In-person interview	2023-03-10	58 min
Kungsbacka	Elinor Filipsson	Business Manager	Teams	2023-03-24	52 min
Kungälv	Olivia Widell Tengvall	Business Developer	In-person interview	2023-03-08	56 min
Lerum	Maria Jerenvik	Acting Business Manager	Zoom	2023-04-03	47 min
Lilla Edet	Kajsa Jernqvist	Business Developer	Zoom	2023-04-03	38 min
Mölndal	Carina Kloek-Malmsten	Head of Business Development	In-person interview	2023-04-04	45 min

Partille	Marieke Wolter	Business Manager	In-person interview	2023-03-22	1h 02 min
Stenungsund	Jessica Waller	Head of Business	In-person interview	2023-03-08	55 min
Tjörn	Anna Aldegren	Business Manager	Teams	2023-03-15	38 min
Öckerö	Ronald Johansson	Business Manager	Teams	2023-03-09	57 min

4.0 Findings

This chapter aims to present an overview of the data generated from the qualitative interviews. In relation to this, the data has been categorized in five main topics covered during each interview; the current stage of the process in each municipality, the happiness of each participant with the current layout of the program, how they are working to improve business climate and innovation respectively, and their view on regional cooperation.

Table 2 below presents the main findings from the 13 interviews carried out in this report. The findings have been categorized into five areas based on the topics covered throughout the interviews and to provide a basis for further discussion. These areas are the current stage of the program in each municipality, each municipality's and business manager's happiness with the current layout of the program, their efforts to improve the business climate in their municipality, their efforts to improve the innovative power in their municipality, and their overall view on the regional cooperation. The themes of business climate and innovative power of our findings aim to primarily answer the first research question of how the municipalities are working to improve these focus areas in the strategic program, whereas the themes current stage, happiness with layout, and view on regional cooperation aim to provide an overview of how the program is being realized on a local level and the overall feelings regarding the regional cooperation in order to answer the second research question of the report and highlight which actions might be needed in order for the program to be successful by 2035.

Table 2. Summary of Findings.

Municipality	Current Stage	Happiness with layout	Business Climate	Innovative Power	View on regional cooperation
Ale	Was adopted by the municipal council in 2019, currently writing the plan and involving all relevant units	Feels that business climate and land must be worked on locally, but that the regional work has been advantageous in the other 4 focus areas	Has improved the business climate by creating a more dynamic and responsive organization	Works to enable innovative power at a smaller level through aspects like grants and infrastructure	Sees no downside to the regional cooperation, but rather long-term mutual benefit
Alingsås	A central part of their business strategy plan and a guidance in the	Happy with the close and continuous dialogue and the	Works with creating a more business friendly culture in all	Works to involve private businesses in solving the greater challenges	Sees many positive effects from the regional cooperation and no internal

	direction of the overall municipal work	ability to adapt the program to the local circumstances	municipal departments and working for a more diverse business climate	through collaboration, infrastructure and procurement	competitiveness, however feels that the role of the 12 smaller municipalities are sometimes diminished
Göteborg	Has been set as political goals by the municipal council and turned into concrete actions	Happy with the freedom to work with a clear focus and defined boundaries for each focus area	Works to improve processes and decisions to enable businesses and improved attitudes towards businesses in the public sector	Works to improve and encourage innovation through cluster initiatives, test beds and other innovation labs	Sees that cooperation and collaboration as essential to the future development and making Gothenburg a leading region
Härryda	Was approved by the municipal council in October 2019	Happy with the combination of common goals and being stronger together while still having the freedom to realize these goals as deemed best suited by the municipality	Is a strength of Härryda partly due to good infrastructure but mostly because of strong communication and fast and efficient handling of referrals	Enables innovation by creating more efficient internal processes and working together with the businesses to continuously improve the municipality	Views competition for corporate establishments at a global scale and thus stresses the need for cooperation among the 13 municipalities to create a more attractive Gothenburg
Kungsbacka	Has been adopted by the municipal council and has been formed into directives and actions for each affected department	Has provided direction and increased alignment within the municipality and at a regional level	Has identified 3 main growth areas and aims to create positive cluster effects in the long-term	Has a political directive to be more innovative in its internal processes and encourage municipal innovation efforts	Believes that there will be many positive spill-over effects, but notes the need for even broader cooperation and increased clarity
Kungälv	In the process of getting the program approved by the municipal council	Means that municipalities in similar situations can learn from each other and grow together, with BRG providing a broader direction	Views engaging the small business owners and encouraging collaboration among these as a central theme for the business climate	Feels that improving innovative power is the responsibility of the private companies, to create the output	Sees only benefits with the regional work as factors such as better infrastructure and establishments leading to subcontractors can benefit all municipalities
Lerum	Has been approved by the local municipal council but has not yet created action plans	Creates stronger buy-in from other municipal departments but notes it can be difficult to tackle some issues on a smaller scale	Has a lot of small businesses and works to improve business climate through more activity within the municipality and new establishments	Feels that innovation will primarily come from the private businesses, but notes tourism as a potentially strong industry for innovative power within the municipality	Feels that the regional cooperation creates a stronger sense of direction and unity for every municipalities benefit

Lilla Edet	Has been approved by the local municipal council as is currently working with the action plans	Feels that the involvement in producing the program has created a lot of local buy-in for the vision and push to realize the vision	Works to improve business climate through increased contact with companies, as well as showcasing potential projects in workshops	Lets the private companies lead the way and showcase positive examples for other companies through newsletters	Sees that the regional cooperation creates a greater force for change and is vital for the region
Mölndal	Has been approved by the municipal council and turned into an action plan which is seen as a constantly changing document	Sees that the regional cooperation has provided decision-making material and other statistics to help the work in these areas locally	Improves business climate by improved internal grants and processes and prioritizing strategically important areas	Enables innovation by providing better infrastructure and conditions for innovation for the municipalities leading industries	Feels that the regional cooperation and the Gothenburg brand that it creates is essential to attract and grow the businesses in the municipality
Partille	Has been adopted by the municipal council, however the area of innovation has been excluded for now	Has provided clarity and direction for the efforts in the other 5 areas, but innovation remains largely undefined and is thus a difficult topic to work with regionally	Working to attract more small businesses and changing current zoning plans due to limited land	Has excluded innovation from their program due to a perceived lack of ability to influence the area within their role	Views regional cooperation as vital to utilize each municipality's strengths and retain businesses in the region
Stenungsund	In the process of getting the program approved by the municipal council	Feels that the regional cooperation has come a long way in the last years and that the ability to combine broader and more local work is a positive with the program	Has regular meetings with major companies and workshops to engage business and improve the business climate	Sees innovative power as doing things differently and invites actors from the private sector to help make the public sector more innovative	Stresses the need to develop the region together and that the regional goals set can only be reached through collaboration
Tjörn	Does not currently have a set plan of actions and activities, partly due to a turbulent political situation during the last term	Feels that the program has provided clarity and direction, but feel that there is sometimes a lack of understanding of what is feasible in a small municipality like Tjörn	Notes the challenge of being entirely on an island and thus works to prepare land and better and less vulnerable infrastructure in order to attract new establishments	Works with innovation primarily by enabling the private companies but also by leading by a positive example and being more experimental themselves	Feels that regional cooperation has provided direction and decreased friction, however notes the challenge of working with the same questions in Tjörn's much smaller organization

Öckerö	Has been adopted by the municipal council creating leverage for the strategies and actions	Feels that the program is essential to the long-term success of the region	Has identified tourism and maritime as industries with growth potential given the resources and constraints of the municipality	Working with enabling innovation in the identified industries of potential growth, encouraging actors to do things differently	Feels regional cooperation is essential to promote the attractiveness and diversity of the region, but notes the need for increased trust

4.1 Current Stage

In terms of the current stage of the process of adopting and realizing the vision and goals provided by Business Region Göteborg in each of the 13 municipalities, two main themes can be identified from the interviews. In all municipalities, the program is either up for approval and adoption by the local municipal council, or the program has been accepted by the municipal council and is currently being formed into directives and actions in a process involving all relevant actors and business units within the public organization, with a relatively even split of these alternatives among the municipalities within the region. No clear theme can be identified from the data to differentiate between the municipalities who have accepted the vision in the municipal council to those who have not, with next to all municipalities claiming that the local municipality is well aware, passionate and bought into the vision of 120 000 new jobs in the region and Gothenburg being one of Europe's leading regions for business climate and innovation by 2035. Rather, the current stage of the program within each municipality seems to be dependent on other external factors such as a lack of political stability in the municipal council during the last term or other pressing issues which have been prioritized higher by the municipal council. One business manager presents the issue of an unstable organization in the following way:

"Due to a turbulent political situation we have been a bit slowed down in our decision-making and internal processes, but despite this there is still a strong belief in the program from all sides and people within the organization and we still see that the program is very important to the long-term success of our municipality." – One Business Manager

Additionally, some municipalities have claimed that they only work with plans on a 5- or 10-year basis, meaning that the Business Region Göteborg vision for 2035 might have been harder to concertize and adopt in these municipalities.

"We rarely formulate strategic that go beyond a 5- or 10-year span which has meant that this program with a vision going all the way to 2035 can be a bit hard to grasp and it can definitely create some difficulties in balancing the local and regional goals, however we also see that these regional programs have meant that we are becoming even more ambitious and strategic in our work which has benefited the municipality." – One Business Manager

4.2 Happiness with layout

The unanimous feeling among the municipalities is a great appreciation for the program, stemming from that all municipalities feel that their input has been valued and used to produce the program, and that they have the freedom to adopt the program in a way which suits their municipality and the unique challenges that they face as well as to combine the regional program with the goals and actions set on a more local municipal level. The only issues that have been raised in relation to the layout of the vision is that for smaller municipalities with much more limited resources and a significantly smaller organization it can sometimes be difficult to adopt the program to these municipalities smaller scale, as well as that there is sometimes a perceived lack of explanation for how some strategic goals can be developed and worked towards in practice. One business manager highlights this issue in the following way:

"The only thing that I would change is prefarebly adjusting the program to our local level and more support from BRG in this process. Since I am alone in my department it is constantly a balancing act between different urgent tasks and I simply don't have the ability to keep up with all my responsibilities." – One Business Manager

4.3 Business Climate

In terms of improving the business climate in the region and within each municipality, next to all interviewees identify that maximizing the amount of contact and face-to-face time with the companies is perhaps the most important aspect. This is primarily said to be done through company visits, presenting the different services offered by the municipality to aid the businesses and listening to their current issues, as well as through other events such as themed breakfasts and workshops. Additionally, several municipalities note the need to improve infrastructure such as roads, public transport, power grid, and premises in order to maintain a positive business climate for current companies and encourage them to grow as well as attract new establishments in the municipality.

"To create and maintain a good business climate the single most requested aspect from businesses is good infrastructure, well maintained roads, good communications, a stable and cheap power supply and other institutions such as schools, so in that way a good business climate is much broader than the aspects that I can control." – One Business Manager

Lastly, several municipalities note that they have identified one or several industries where the municipality has potential to grow and create a strong business climate based on factors such as natural resources and population structure, and that they have a particularly strong focus on these industries to realize the vision and hopefully create positive cluster effects within these industries in the long term.

4.4 Innovative Power

The area of innovation is unanimously seen as by far the most difficult focus area to work within the Business Region Göteborg 2035 vision, with many noting that this area is ill-defined and a lack of common understanding of the topic within the region. This has led to several municipalities either totally omitting the area in their business strategy or including in their focus area on business climate. In terms of improving innovative power in the region, most municipalities feel that innovation output is the responsibility of the private companies and that their role is to encourage innovation by showcasing positive examples and connecting different innovative companies when needed. Some municipalities note that they also try to be more innovative in their internal processes such as procurement to encourage innovation efforts in the municipality, but currently there seems to be a lack of structure and planned actions in this area.

"We see innovative power as something very broad, and a strive for constant improvement and looking for new ways to solve the big and small issues that we face every day, which for example could be something as simple as new ways of working." – One Business Manager

"I feel that innovative power is something very difficult to control and work with and that it is something that rather must come from the private businesses. Our role as a municipality is more about leading with a good example and trying to be more innovative ourselves when we can, as well as highlighting positive initiatives from local businesses." – One Business Manager

4.5 View on Regional Cooperation

All municipalities display a solely positive view on regional cooperation with many believing that this is essential to the long-term growth and prosperity of the region and its municipalities. Many note that companies do not see municipal borders and it is thus advantageous for all municipalities to rather market themselves as one strong and diverse region to play to the unique strengths of each municipality. In relation to this, no municipality sees any downside or potential conflict in working regionally in relation to working towards the local goals of each municipality. For example, rather than competing for a potential new establishment, the municipalities will rather work together to see that this company chooses to establish themselves in the region in the municipality best suited to their needs as this will also create positive spill-over effects for the other municipalities in terms of new inhabitants and establishments of subcontractors. In an international perspective, several business managers also note that companies don't know or care the municipalities themselves, but that they must rather cooperate to strengthen and build the reputation and brand of Gothenburg compared to other greater city regions in Europe and the world, which is highlighted in the below quote:

"In order to attract large international corporations to our region, we must be willing to let go of our local brands as municipalities. Gothenburg is the term that is known internationally, and if we can work together to build this brand and highlight the rich diversity and wide range of attractions in the city, that is how we can attract competent people and businesses to our region which will enrichen all our municipalities." – One Business Manager

4.6 Allocated number of job opportunities

As aforementioned, one of the overall goals in the strategic program is to create 120 000 new job opportunities by 2035 in the region of Gothenburg. Below you can see, table of allocated new job opportunities by 2035. During the interviews, the different managers were confident in achieving their share of the overgoal of jobs. This was due to different reasons, one common reason was that companies in the different municipalities are growing and new establishments are common and recurring. They were a little worried about the current financial situation and uncertainty around the world, but in the long term they felt it shouldn't affect too much. However, the most important thing is that the Gothenburg region achieves 120 000 new job opportunities and which municipality gets the most or the least is not the most important thing.

The same approach and mindset is equal to new establishments of companies. This is one reason why every municipality identifies regional collaboration as very important in achieving the goal until 2035 and that spillover effects from one municipality to another will occur.

Table 3. Allocated number of job opportunities.

Municipality	Number of job opportunities
Ale	1800
Alingsås	3700
Göteborg	79 800
Härryda	3700
Kungsbacka	6200
Kungälv	4200
Lerum	2500
Lilla Edet	1000
Mölndal	9300
Partille	2900
Stenungsund	3000
Tjörn	1200
Öckerö	900

5.0 Discussion

In this section the theoretical framework has been used in order to analyze the empirical findings presented in the previous chapter. The discussion is divided into subchapters on business climate and innovative power based on the focus areas in the strategic program as well as a chapter on the realization of the program on a local level. For the purpose of confidentiality all quotes and citations have been anonymized.

5.1 Innovative Power

As aforementioned in table 2, the area of innovation is unanimously by far the most difficult focus area to work with, since it is a lack of a common understanding of the topic. Due to lack of a common understanding and uncertainty of the topic, some of the municipalities suggest that the business life in each municipality, shall drive the innovation area forward by themselves. As Chesbrough (2003) argues, the notion that successful innovation requires control and self-reliance in the sense that companies had to do all things themselves if they wanted it done right. Therefore it could be argued that each municipality should act as a linkage for the companies in providing them with conditions they demand, which they can't access on their own. Bason (2018), suggested by working co-creation in the public sector where several individuals get involved about the topic. In that sense it can facilitate a more clear understanding about what innovation is and how to work in order to increase its capacity, and long-term in making Gothenburg the leading innovative city in Europe. Since many of the municipalities want the private companies to be more in charge of increased innovative power, it is suggested that the municipality should act as a linkage between the companies and conditions for innovation needed.

"We feel that it is difficult for us as a municipality to be in charge of increased innovative power within our municipality. Therefore we more or less just take our hands off and let the private companies be in control of the innovation efforts in the municipality without us interfering". - One Business Manager

5.1.1 Decision-making & Procurement

Innovation in the public sector is fundamental in challenging and facing today and tomorrow's challenges. In order for municipalities to stay competitive, procurement is set to be an efficient tool (Upphandlingsmyndigheten n.d). Even though it is being seen as a useful tool, it differs from one municipality to another in how they work with it and it is not easy. It differs between the municipalities in terms of resources connected to procurement, in one municipality there are several individuals who are taking care of it and in another there is just one individual and in terms of locally structured resources connected to procurement it is various. Which is why it differs, how they are using procurement as a tool for increased innovative power. Hommen & Rolfstam (2008) argues upon the importance of public procurement as an activity that takes place in a variety of different forms. Rolfstam (2009), argues that procurement could be hard to use as a tool, depending on what should be included and not. Due to this constraint, some municipalities find procurement as a hard tool to use due to this, where ethics and other discrimination aspects must be taken into consideration. Some municipalities aim to strengthen their current industries by enabling the right conditions in order for companies to grow. In order to do so, it is fundamental that the individuals who are working with procurement have the right knowledge and great competence to be able to understand what is demanded, competence supply is therefore important in this matter. Public procurement is recognized by long decision processes, rules, regulations and strong regulatory frameworks (Granida 2018). Some of the municipalities find it sometimes difficult to work with procurement due to its many regulations and different categories that procurement is being used within, where they also want to ensure that the taxpayers money is used in the most efficient way. Due to this dilemma and the purpose of serving the inhabitants within the municipality it could easily become an obstacle of using procurement even more, where the potential risk is being seen bigger as the potential benefit of it. As Uyarra & Flanagan (2010) talks about public procurement entails politics, which makes the municipalities to become passive in using procurement even more as a tool, where one municipality described their success due to individuals who dared to take inconvenient decisions. Edler and Georghiou (2007) argues that procurement has had a great impact on innovation over the last decades and on the other hand being used less due to strong rules and regulations for e.g. competition, they also discuss and introduce different kinds of procurements. One way for the municipality to work with procurement as a tool for keeping the innovative power going is to collaborate with the city of Gothenburg. The other municipalities argue this for being an efficient way due to the fact that Gothenburg has greater resources in terms of money and bargaining power. This approach could be used for different purposes, whether it is for local or local purposes or other. Edler & Georghiou (2007) introduces and presents different kinds of public procurement that can take place. This approach is similar to, as they argue about co-operative procurement, which is an approach

when different governmental agencies jointly with private purchasers negotiate about an innovation. This could be argued for being an efficient approach for the smaller municipalities, in terms of money and purchasing power, to still provide the local actors in working by innovative power and keep continuing to develop. As aforementioned, the definition of innovation is various, this is set to be key since many of the municipalities highlighted collaboration as an important approach in reaching the goal provided by BRG.

Bason (2018) argues that two key benefits from co-creation which is as forementioned, divergence and realization. Divergence could be a key factor when the specific procurer in the municipality is set to take a decision, where divergence refers to a greater variation of ideas and suggestions being brought forward. Hartley (2005), notes that different kinds of knowledge could help enable new understanding and interpretation of problems and challenges. It is clearly stated from one certain municipality, that everyone is aware of the overall goal from BRG and what their purpose is. By working in close relation to the goal everyone it becomes easier to find motivation for the individual. It also helps to strengthen the idea from Bason (2018) & Hartley (2005), to easier share knowledge and take care of the problem and challenges with different perspectives. It also helps and makes the decision-making process and procurement process more easy by identifying where the most benefit can be done and effort should be distributed. This could be seen as one reason where the municipalities that work more closely to procurement connected to innovation have several individuals connected to the process, than those municipalities where there only is one individual who is handling the process.

"For me who is working alone at the business department it is hard to work with procurement as a tool for increased innovation capacity, since I need to deal with questions related to other areas as well, and I have to plan my time at the office well". - One Business Manager

A municipality consists of several inhabitants in different ages and occupations and companies within different industries, where their purpose is to be there for them and provide them with the most necessary things such as, schools, roads, and a safe community etc. The decision-making process According to Kahlas (1976) and Genovese (2019), is therefore set to be a unique and complex opportunity in doing something good for the society that aims to take a decision that is satisfied for as many as possible. Throughout the different interview sessions, it has been identified, as aforementioned, the different municipalities define innovation in different ways and therefore identify different challenges connected to the topic. Depending on what is set to be done, the decision-making process can take a variety of time. This is something that the municipalities can identify as an obstacle in getting something done, a decision is normally going through different committees where several decision makers need to look at

the process. It could be argued for being positive and negative at the same time. Positive, several perspectives and interests are being taken into consideration, and negative, it is time demanding. The different municipalities have their own local strategic program, where the local politicians have decided in the municipal board what they want to achieve and put effort into. This is something that the local business manager can rely on and that can help to make the decision process easier.

5.1.2 Innovation management & Clusters

According to Business Region Göteborg (2023) and the strategic program, Gothenburg city wants to strengthen business conditions for innovative power. In order to achieve this several actions have been decided such as, initiating clusters and strong regional collaboration. After conducting the interviews every municipality sees regional collaboration as key in reaching the goals, several municipalities identify possible spillover effects by this view where they don't see any competition amongst them. As Chesbrough (2003) argues that an open innovation climate is key to success, meaning that not only innovation itself will come from inside the company but can also spur outside since knowledge is widely spread, and that long term success is dependent on making the best use of both internal and external ideas. Further Chesbrough (2003) highlights, organizations that can harness ideas outside to advance their own business while leveraging their own ideas inside their business will thrive in an collaborative open business environment. The municipalities find several values with the strategic program provided from BRG that connects them. Cooperation and collaboration amongst the region of Gothenburg is essential to the future development and making Gothenburg a leading region, which is why Chesbrough (2003) argues that working in an open innovation climate is fundamental, and an important approach for achieving the overall goal. All the municipalities have to different extents been involved in the process when BRG created the strategic program and conducted the goal of 120 000 new jobs until 2035. Due to the involvement in the process the municipalities can identify themselves in the strategy and it creates a direction in which way to work at. By working in a strong collaboration and having the regional and overall goal perspective in focus several benefits come along the road. As Goffin & Mitchell (2017) refers to, coupled open innovation refers to the process in which different organizations and other players collaborate with each other in a market or an ecosystem in order to best try capturing benefits from as many parties as possible. By working in this approach it becomes easier to take benefits from each other in terms of competence and information. As Kramer & Pfitzer (2016) argues about creating shared value, that all different actors don't operate in isolation, they are all part of a shared ecosystem and together they can solve problems and challenges. As each municipality has a certain number of job opportunities that they each should contribute

locally, they all agree that their contribution serves the whole Gothenburg region and the value the whole region will gain. This ecosystem, they belong to, can help solve matters such as unemployment, poverty and inequality. By having the regional view and collaboration in mind they will not only advance in social progress but also economic benefits (Kramer & Pfitzer 2016). One of the business managers interviewed, identified collaboration as key and is something that the Gothenburg region is well known for compared to other regions in Sweden. By bringing together all the different actors, locally and regionally, everyone gets their perspective shared where the collective impact is fostered from a shared understanding of the problem which makes it easier to deal with workarounds in solving the issue. This could be argued that BRG and the strategic program helps in bringing all the different actors together and creates a shared meaning.

"Thanks to the strategic program and BRG's ability to help bring everyone together it has created this shared view and vision. We are doing this for the purpose of the region of Gothenburg, where one of the most fundamental parts is that company establishments and job opportunities are created in the region. But I can't deny I would be pleased with several company establishments". - One Business Manager

As previously noted, theory on open innovation has largely been focused solely on private companies and how they utilize open innovation to obtain a competitive advantage. However, as stated by Fuglsang (2008) open innovation has become an increasingly present phenomenon in the public sector. This would indicate that the theory of open innovation is applicable in public organization and the case of Business Region Göteborg and the 13 municipalities, however as Fuglsang (2008) notes there are several aspects that public organizations need to account for if they are to benefit from open innovation, namely getting involved, identifying demand, exploring incentives for co-creation, and encouraging entrepreneurship. Applying this theory to the case of improving the innovation within the region and the 13 municipalities, we see that open innovation can play a clear part in this process however there are several key aspects that the municipalities need to consider. Thus, they need to identify key issues where open innovation could be applied and understand how the different stakeholders that could be involved in this process would be incentivized to take part in this process, as well as the municipality taking an active role and being involved and visible throughout this process. Using the topic of open innovation in the public sector to improve the innovation output in the greater Gothenburg region, our view is therefore that this area would be most suitable in topics relating to service development and other developmental projects within the municipalities. This goes in line with the conclusions made by Fuglsang (2008) on the applicability of open innovation in the public sector, and we additionally perceive that these areas are most likely to incentivize different stakeholders to actively participate in the open innovation process as they

would be more likely to see a personal gain and benefit to participate in developmental projects in the municipality and making it a better place to work and live.

Some of the municipalities have strong clear clusters. Such as Mölndal, which is focused on life-science where AstraZeneca is located. Stenungsund is strongly connected to IT and chemistry where e.g., Hogia is located. Creating several cluster initiatives is something that BRG sees as an important tool for increasing the innovative power in the region of Gothenburg. Some of the municipalities have science parks, such as Gothenburg. A science park enables and stimulates development that offers knowledge intensive growth companies and networking. Such an environment can be described as a meeting place between people and knowledge and is an important place for innovation. This is a unique opportunity for Gothenburg to work with increased innovative power, in comparison to those municipalities who don't have it. But due to the strong collaboration, other municipalities can gain access to them by contacting the right person. Boudreau & Lakhani (2013) argues in relation to open innovation about crowd as a partner for innovation, which can be either different individuals or other groups and in that sense access their knowledge problem solving ability. Having said that, the science park could be argued to be in the direction of what Boudreau & Lakhani (2013) argues about and is set to be an efficient approach to increase the innovative power. Therefore, it could be argued that as many municipalities should get even better access to them. And highlights the importance of that strong collaboration for increased power of innovation is fundamental for making Gothenburg as the leading city in Europe for innovation.

5.2 Business climate

As previously presented, one of the 6 pillars identified as key areas by Business Region Göteborg in their efforts to create 120 000 new jobs and making Gothenburg one of Europe's leading business regions by 2035 is business climate, which is presented by Business Region Göteborg with the overall sub-strategy of "making it easy to run a business in Gothenburg" with specific measures such as working to improve the overall attitude towards businesses, working to improve the municipalities processes relating to the businesses, as well as working to encourage and help businesses in the region grow (Business Region Göteborg, 2023). In relation to this strategy as well as the 13 interviews conducted in this study, two main themes have been identified as key areas that the municipalities are working with to maintain and improve the business climate in relation to the overarching goal of 120 000 new jobs, helping existing businesses in the municipalities maintain and grow their business, and attract new establishments in the municipality. These two areas will be expanded on below both in terms

of takeaways from the interviews but also in relation to previous studies and existing literature on the topic.

"We have identified potential areas for growth, based on our unique assets and conditions. Therefore, we are working actively to improve and attract businesses in these areas and see that they have a clear possibility to thrive in this environment and especially when co-exciting". - One Business Manager

5.2.1 Improving the climate for established businesses

In terms of creating a positive business climate for existing businesses in the municipality, several interesting themes have been identified from the data. Firstly, it is noted that on a municipal level, business climate is primarily measured through different rankings and surveys filled out by business executives in each municipality, such as the one conducted by Svenskt Näringsliv on a year-to-year basis. These types of rankings often encompass a wide range of parameters including the municipality's level of service and treatment of business matters, the municipality's attitude towards businesses, infrastructure, and tax rates. A recurring theme throughout the interviews is that many business managers in the municipalities are quite critical of these types of rankings for several reasons. Firstly, it is noted that a quite small number of businesses that answer the survey have actually been in direct contact with the municipality with business related enquires meaning that the answers often capture other factors such as the overall reputation of the municipality. Furthermore, several parameters of the ranking such as infrastructure and tax rates are argued to be aspects that are political decisions that cannot be influenced by the business unit of the municipality, thus meaning that the business units can only affect the perceived business climate of the municipality to a limited extent. Lastly, several business managers are also critical of the ranking being a solely relative list not measuring the absolute development of the business climate for each municipality, thus making the ranking and changes from year-to-year misleading in relation to the actual efforts to improve the business climate.

This criticism of measures of business climate is also consistent with previous research on the area, with Kolko et al. (2013) looking at how well business climate indexes measure economic growth and public policies in a region. Kolko et al. (2013) note that indexes to measure business climate traditionally are focused on variables such as productivity, taxes, and costs, and find that business climate indexes that emphasize taxes and costs accurately predict economic growth. In a criticism of these indexes, they do however note that these indexes are solely aimed at capturing business climate through the lens of economic growth, and that other

policies could also impact the overall development of economic growth and business climate such as welfare and transfer payments. Additionally, Kolko et al. (2013) also critically remark that these measures are often created with a clear political agenda and are thus often applied highly selectively. These are of course aspects that need to be considered when analyzing the business climate scores provided by actors such as Svenskt Näringsliv, and these types of measures alone cannot be seen as a complete and unequivocal truth but should rather be applied somewhat cautiously and combined with other types of measurements.

As for the concrete measures taken by each municipality to improve the business climate for existing businesses, these are to a large extent a reflection on the parameters including in the rankings. Most municipalities note that their efforts to improve the perceived business climate among businesses are centered around maximizing the amount of contact between the businesses and the municipality through activities such as company visits and events like themed breakfasts. The reason for this, one business manager explains, is that "showing businesses that we exist, informing them about the services that we offer and showing them that we understand and care about the issues that they are facing is the single most important aspect for improving the business climate". Other aspects that are highlighted as important are faster handling times, improved availability on the phone, and better online resources for business owners.

Other municipalities have taken a more holistic approach to improve the business climate, noting that this aspect is highly connected to other municipal areas such as schools, elder care, and cultural offerings in the municipality. One business manager states that "if all aspects of the municipality are functioning well, if the kids have a good school to go to and if there are a nice variety of things to do in their free time, the municipality becomes a much better and more attractive place to work and run a business". This is consistent with the findings of Eriksson et al. (2014), who note that aspects such as social assets have a positive effect on both the business climate and output of businesses in a region. This would indicate that creating an improved business climate and subsequent performance of companies in the region goes beyond the decisions and aspects with a direct influence on the businesses, but that municipalities should rather take a broader perspective and account for that a well-functioning and responsive municipal organization with strong internal processes in all its units as well as strong and diverse offerings for its citizens and businesses is key for long-lasting effects on the business climate and the performance of local businesses.

Additionally, some municipalities have taken a different approach to improving the business climate by analyzing the unique conditions, location, and other strengths and weaknesses of the municipality to identify certain industries where the municipality has potential to grow in the long-term, whereas some municipalities have taken the opposite approach and aiming for

a diverse and wide range of businesses. The reasoning for this is focusing on growing and creating a better business climate in certain industries suited to the municipality is that it can create long-term positive cluster effects where companies are able to profit from one another and even collaborate to find new and innovative solutions. Existing literature on regional performance strongly supports the idea of cluster effects and regional specialization, with Eriksson et al. (2014) finding that regions with a higher degree of relative specialization compared to the national economy has a positive effect on gross regional product (GRP) per capita. This would indicate that in the long-term, those municipalities with a strategy on specialization and clusters are likely to see better performance and business climate for its companies and the municipality as a whole. For the Gothenburg region and its 13 municipalities, one takeaway could thus be that a conscious strategy where the 13 municipalities aim for an increased degree of specialization in different industries would be advantageous as it would mean that each municipality would be a local hub with positive cluster effects for the respective industry, likely resulting in a better business climate and increased GRP per capita output from each municipality.

5.2.2 Attracting new establishments

Another key aspect on the topic of business climate highlighted in the interviews is the establishment of new businesses in the municipality, both domestic companies and international corporations. This area was often presented as particularly relevant in relation to the overall regional goal of 120 000 new jobs by 2035, with many municipalities anticipating that most of their jobs would be generated through new establishments. Subsequently, several municipalities stated during the interviews that they are actively working to attract the right types of businesses when land becomes available and prioritizes businesses that are deemed to generate the most jobs.

Attracting the right business is however a highly difficult task, which has been noted in prior research on the area. A study by Deller (2009) shows that while companies take several aspects, which includes but is not limited to size, labor characteristics, energy costs, taxes, government services, and political environment, into account to evaluate the attractiveness of a region when making relocation decisions. Research by Conroy et al. (2016) largely support these claims and additionally find significant differences in the relative importance of the aforementioned factors in relation to the firm's spending on research and development, with Conroy et al. (2016) noting that firms with higher spending on R&D tend to put greater importance to regional characteristics and favoring regions with a lower corporate income tax. Conroy et. al. (2016) do however note that while their findings are statistically significant, their effects at the

mean are infinitesimal indicating that efforts by regions to encourage relocation based on traditional perspectives on business climate is unlikely to succeed.

In relation to this study, this means that municipalities are unlikely to persuade the right companies into moving to their municipality but should rather focus on providing the best offering possible so that the company itself sees the municipality as the most attractive proposition. This trend can actually be observed throughout the interviews, with many business managers noting that they are working on a regional level to connect potential establishments in the region to the municipality which best suits the needs for each individual company. All business managers also note that there is no internal competition for these establishments within the region, and that they are just happy to see businesses establish themselves in the region, while also seeing that all establishments in the region will have a positive long-term spillover effect on the other municipalities in the region in terms of factors like new inhabitants, establishments of potential subcontractors among others. This selflessness and regional cooperation is a great advantage for the region, and is likely to result in several key establishments in the region as all actors are working together to find the best fit between each municipality and company. As one Business Manager puts it:

"We know that it is impossible for us to convince or force a company to establish themselves in our municipality. What we are doing instead is trying to provide the best possible conditions so that companies will come to us and actively look to establish in our municipality, but we are also working regionally to match every potential establishment to any of the 13 municipalities within our region that best suits their individual wants and needs. This way we see that we have a great potential to create a strong regional brand that will attract a large number of companies, but also that the regional selflessness and cooperation means that we are likely to keep most of the companies that we come in contact with within the region". - One Business Manager

Another key aspect noted as greatly important for attracting establishments by Deller (2009) is agglomeration economics, where Deller (2009) stresses that a key trend is that a concentration of companies within an industry attracts other companies in the same or complementary industries. This would again indicate that an increased degree of specialization in one or a select few industries for each municipality could be of great advantage for the region as this would not only increase the regional GRP per capita output as previously discussed, but also providing a key selling point for new businesses to establish themselves in the municipality, thus creating new jobs in the municipality and helping towards the overall regional goal of 120 000 new jobs**.**

5.3 Creation and realization of the program on a local level

One of the key thoughts behind the program is that while it has been drafted and created in a joint process involving key stakeholders in all 13 municipalities and acts as a common guiding star for the business strategy and day-to-day work with business climate and innovation in all 13 municipalities, it is still completely up to each municipality to which extent and how they adopt this strategy in their organization and municipality. This naturally raises the question of how the matter has been pursued and implemented in each municipality since the overall strategy was drafted in 2019. Firstly, it should be noted that throughout the interviews conducted as part of this research all 13 municipalities display a strong belief and buy-in to the program, with all 13 interviewees highlighting that they see several significant benefits from the regional cooperation in both the short and long term with no downside to the program. One of the main reasons for this strictly positive experience of the program is likely that all relevant actors feel that they have played a significant part in the creation of the program, that their thoughts and experiences have been valued and used to shape the format, as well as a perceived freedom to adopt the program as they see fit on a local level. Not only has this ensured that the program is most suited for the unique opportunities, challenges, and conditions of the 13 municipalities within the greater Gothenburg region, but it has also likely eliminated any potential "not invented here" phenomenon where actors are reluctant or even avoid adopting ideas and processes that they have not been involved in due to biases towards ideas from the outside.

These findings are consistent with the presented theory on innovation management and particularly open innovation, with Bason (2018) finding that anchoring a creative process along the entire value chain greatly increases the chances of success partly due to an increased level of adoption of the new idea. Gillinson et al. (2010) found similar results in their study on change processes in public organizations, concluding that connecting and actively involving various stakeholders improved not only each stakeholder's ownership of the process but also the outcome. Thus, the strong emphasis on co-creation in the creation process of the program and the continued focus on communication and collaboration has likely not only resulted in the strong buy-in noted throughout the region but is also likely to be one of the keys to the short- and long-term success of the program.

"For us a small municipality it is sometimes difficult to keep the pace as BRG requires, since we are a smaller municipality, we have fewer people and have less resources. For me as a

Business Manager I have several areas of responsibilities compared to a bigger municipality, where they are greater in numbers." - One Business Manager

Another Business Manager in a smaller municipality largely supports this view on the difficulty of balancing their different obligations, but also emphasizes their responsibility to clearly state their limitations.

"I certainly feel that it is difficult to balance the regional goals that we set with all the issues I have to work with locally on a daily basis, and I definitely feel that in our regional workshop we sometimes get a little too much on our plate because they are so productive and forward-looking and you don't want to be the person who says no and slows it all down. So I feel that it is up to us to set our own boundaries and be clear with what is feasible for us to do and not". - One Business Manager

Despite these factors, the interviews still highlight a wide disparity in how far the project has come within the different municipalities. Whereas some municipalities have already had the program approved and adopted by their municipal council and turned into concrete action plans for the business unit, some municipalities are yet to formally adopt the program. However, these differences are deemed to be primarily due to the complicated nature of getting the program approved and other external factors rather than a lack of perceived importance and buy-in to the program. Several municipalities note the bureaucratic and often slow nature of the process of getting things approved by the municipal council and the complicated task of turning a regional strategy into local actions which can naturally be a difficult process. Additionally, several municipalities remark that their business unit and overall public organization is very limited both in size and resources, meaning that this process becomes even more time-consuming and challenging, especially as it often needs to be balanced with several other tasks. On top of this, a stable political environment at the municipal level is found to be an important aspect to the current stage of the process, with local political instability meaning that the program has often not been able to receive the necessary priority and attention.

6.0 Conclusion

In this section, the conclusions that the authors have identified during the research by firstly answering the research questions. Secondly, the authors will provide some recommendations for BRG in order to help their work and contribute with valuable insights. And thirdly, the authors will provide thoughts and information about future research.

6.1 Answering the research questions

As mentioned in section 1.3 regarding the research questions of the report, the goal and purpose was to get a deeper understanding about how the municipalities are progressing towards the overall goal and how they are working for a better business climate and increased innovative power. After conducting the interviews with the different business managers in the region of Gothenburg and drawing an analysis about the empirical findings, it stands clear that a municipality is dependent on all its different actors and components, such as schools, traffic, inhabitants, and other municipalities as well. Everything is dependent on each other, in order to create a good business climate for the companies and a good society, it is not only about for instance low corporate taxes. Availability is a tool that business managers can use in order to create a better business climate, this can be done by doing company visits and workshops. By the municipality showing that they exist and want to help the companies to become better, they can thus create a better relationship, and the municipality creates an understanding of what needs they have, and the municipality can present itself and explain how they can help to create the best possible prerequisites. It is important to have well developed traffic routes, a good range of electricity and lit and safe streets for workers and children to be able to attend, since without these factors nobody wants to live and work in that specific municipality.

We identify that every municipality cares a lot about their companies and their inhabitants and wants to make it best in every possible manner to them, independent on who they are and what purposes they have. On the other hand, it can come along with some obstacles. Identified during the interviews wants the best for everyone, and some municipalities become a bit risk-prone since it is the taxpayer's money which is the basis for their budgets. This makes some of the municipalities cautious, in their way of being more innovative. Though, innovation is different from one municipality to another. It could be working and operating in new ways or spur innovation through clusters and science parks. Because the municipalities in the region of

Gothenburg define innovation so differently, it needs a clear definition of what it is and being able to adjust it to the specific municipalities needs and conditions. So in order to increase the innovative power, it has been identified that they operate in order to provide the right conditions. So this could be, getting access to science parks or working quickly for the granting of working land to be able to develop their own business. Some of the municipalities are strongly connected to certain clusters, where Mölndal is strongly connected to life-science, in this way Mölndal argues that they are working to increase innovative power within their municipality by putting responsibility to the business life. And on the other hand, those municipalities which are not well known for a certain profile think it hard to drive innovation both internally and for the business climate. In view of this argument, we have identified that primarily the smaller municipalities would gain a benefit by identifying their own profile in a specific branch or industry. This approach could help them become more attractive for future business establishments which also bring several job opportunities with them.

Independent on different factors such as number of inhabitants or local needs, every municipality's argument for that collaboration is key to success. That everyone shares this regional view and team spirit, creates a good basis in and strong driving force in approaching the goals. Overall, the empirical findings and analysis gives indications that the process in working towards 120 000 new jobs and working for a better business climate is under control and well on its way, thus innovation needs further work and continuous collaborations and dialogue in help to proceed in this area.

6.2 Recommendations for Business Region Gothenburg

Based on the theory presented within the report, as well as the interviews carried out with the 13 business managers and the previously presented discussion around these two areas, we believe that this report can highlight several recommendations which can be of use for Business Region Göteborg and by extension the 13 municipalities in their continued and ongoing work with making Gothenburg one of Europe's leading cities for business climate and innovation. These recommendations include actions that would be carried out by Business Region Göteborg as well as actions that would be carried out locally by the different municipalities, and cover aspects which we believe would aid the long-term development of both the area of business climate and innovation.

One key takeaway that emerged in next to all of the interviews is that there is no clear definition of what innovation means in relation to the program, meaning that all municipalities have adopted their own definition of what the term means and how it should be worked towards, whereas other municipalities have completely omitted this area from their local program. While one of the main strengths of the program is the ability and freedom for each municipality to shape and adapt the program in the way that they see most suited for their municipality, a lack of common understanding of key concepts can be highly problematic as it might result in different stakeholders pulling in different directions, thus limiting the potential result and impact of the program. This lack of common understanding has also resulted in several municipalities feeling that they lack guidance in their work on this area, and one recommendation would therefore be to provide a clearer definition of this concept in relation to the regional program to ensure that all municipalities are aligned in their work while still maintaining the adaptability and freedom within each municipality.

One concrete proposal for how the region and its municipalities could improve its innovative power in practice is through an annual event we call "procurement day", where different administrations and other public organizations invite local businesses in a fair-like setting to present their primary short- and long-term needs and invite the local businesses to help create and provide innovative solutions to these needs. We do not only perceive that this could generate innovative solutions that would improve the innovative power in the region and make the public organizations more efficient, but that it would also create a stronger bond between the public and private sector on a local level with greater understanding for each other and greater possibilities for intra-municipal collaborations. It would of course be important to emphasize that a company able to provide a solution for the issues presented in this fair would be guaranteed to have their product or service purchased by the municipality, but it should rather be seen as an opportunity for inspiration and a greater understanding for needs and wants, where solutions generated through these discussions could have a positive impact far beyond the public organization of the local municipality.

Another key takeaway from the interviews is the notion that the municipalities are very different in resources and size and the difficulties this can create for some municipalities, particularly the smaller ones with fewer people and less resources, in realizing the regional vision and its focus areas. By nature, the program is highly ambitious and aims to make Gothenburg compete with the leading cities in Europe, and while this ambition is perceived as very positive and important for the long-term growth of the city by all interviewees, it has been noted that some business managers seen almost overwhelmed by the scale of this ambition and have difficulties transforming this vision into concrete and manageable goals and actions on a local level. In addition to this, several business managers, particularly those who are alone in the business unit of their municipality, have noted the challenge of keeping up with the tempo

of Business Region Göteborg and the larger municipalities due to the significant differences in the resources at their disposal and the fact that these business managers often must simultaneously balance several widely different tasks. Therefore, another recommendation for Business Region Göteborg is to help and provide guidance for how municipalities can break down the larger regional goals into actions and goals on a local level, as well as to recognize the difference in resources and capabilities for the different municipalities within the region and offer support to the smaller municipalities in terms of utilizing the vast resources available at Business Region Göteborg. Not only would this aid the municipalities tremendously in breaking down the regional goals and turning them into manageable action plans, but it would also provide some much needed support to the smaller municipalities making the realization of the program and regional goals more achievable by 2035.

6.2.1 Executive summary for recommendations

To summarize the main recommendations for Business Region Göteborg generated from this report and highlighted in the clearest possible way, the primary findings are reiterated below:

- ➢ Work to create a clear definition for innovative power to ensure that all stakeholders are aligned
- ➢ Create a "procurement day" to increase innovative output and increase collaboration between the public and private sector
- ➢ Recognize the difference in resources among the municipalities, and provide support when needed

6.3 Future research

The research as discussed above and possible future research, this research has examined how the municipalities are working for better business climate, increased innovative power and the progress of creating 120 000 new jobs in the region of Gothenburg. For possible future research it would be of interest to examine it from the perspective of companies in the municipality. During the interviews, many of the business managers describe that companies and inhabitants do not see municipality borders, since usually their focus is here and now. With that argument it would be of interest to interview companies in the municipality and discover if they are aware of the work being done from the municipality in order to create better conditions for companies. This approach for research also can lead to empirical understandings about the role of municipalities, which can question how much they should be involved in different areas, such

as increased innovative power, or should it only be relied on by the companies. As mentioned previously, this research has examined increased innovation capacity and business climate which is two out of six focus areas according to the strategic program. Hence, future investigation identifies research in the four other focus areas to draw a broader analysis and conclusion of the strategic program in order to evaluate whether the region of Gothenburg has the potential of reaching their goals that has been decided to achieve.

Another possible future research which has been identified during the interviews is the municipality's role in using procurement to promote innovation. Procurement is a useful tool to promote innovation, as discussed in the theory section, but the business managers find it hard to use it even more due to laws, regulations and ethical aspects that need to be taken into consideration. Public procurement is set to be for the best of business development and benefit for the citizens. This leads to the municipalities having to be able to balance their financial resources in order to be able to make procurement that benefit as many people as possible. Since one of the overall goals is to make Gothenburg the most innovative city in Europe, it is of interest to research how procurement can be used even more and identify practical what needs to be procured and how to handle it in alignment with regulations and to the best possible benefit for the society.

Another constraint as discussed in the theory section. Open innovation management needs further research in the area of the public sector, since it is differ from how it is applicable for private companies where the purpose is different. Although this area has gained traction within research over the last few, we still see a gap in the research in the area. Most studies available today are centered around fitting the definition of open innovation in the public sector, whereas we see that the research area would benefit from case studies where open innovation has been applied in the public sector and how these cases differ from open innovation in private companies.

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Appendices

Appendix A - Interview guide

Interview guide

1. Present the research

We are two students from the school of business economics and law at the university of Gothenburg, Emil Wålinder and Johan Rönnlund, who are writing a master thesis in innovation and industrial management in collaboration with Business Region Gothenburg. We are conducting a report about how the different municipalities work to increase innovation capacity and a stronger corporate culture for business life and progressing towards 120 000 new jobs until 2035. Our research will be done interviewing the different municipalities and investigating how they are working and contributing to the overall goal.

Questionnaire

1. Can you briefly describe yourself and your role within your municipality?
2. In your work, how closely do you work with BRG?
3. How well do you know BRG's vision 2035? How involved have you been in shaping the vision? (Power of innovation & business climate)
4. How does the municipality work in relation to realizing the vision?
5. What is your opinion about the region's/BRG's objectives?
6. Has your way of working been shaped/changed according to BRG's vision, or is it consistent with how you work before/or had worked anyway?
7. How do you define innovation and innovativeness in your municipality?
8. How do you balance the cross-border cooperation between the municipalities versus the competitive situation and the development of the individual municipality? Is there any conflict in this?
9. How do you concretely work to improve the business climate and innovation power in the municipality?
10. Do you use procurement as a tool in these areas? Why? Why not?
11. Do you feel that it is an achievable goal to reach by 2035? Why? Why not?
12. To what extent do you think this could benefit your municipality?
13. Do you get / do you have the support you need to achieve this? Financial support, cooperation, information, communication, etc.
14. Is there anything else you would like to add?