

Measures and Developing Strategies of local Authorities in Southern Sweden to promote Business life¹

Concepts as "Marketing places", "Place branding" and "development of cities" show that places and municipalities in some respects turn out to be in a market of location for mainly living, tourism and business. In order to keep up in the competition, municipalities may create and implement a plan of action (strategy). In the present paper we will discuss some criteria for the process and the plan.

The outset of the corporation between the business society and the local authority could be the history and the present trends. The municipalities in the Oresund area face a global development, which imply an increasing mobility of goods, services, labor, and capital. It is important that the local business society and the local authority cooperate in a partnership to create visions, and implement them, in order to show ability to take action with a starting point in the present competitive advantages of the area.²

Background

The Swedish local authorities, county councils and regions have been developed since the Middle Ages. In 1571 the king Johan III imposed the parishes to take care of the poor people, while the church through the Reformation had lost a substantial part of its resources. On behalf of the state authority the realization of the welfare state (mainly compulsory health, care and education) has been in focus. In 1842 the elementary-education statute was introduced and in 1862 the local authority act. Beyond the welfare, the (economic) development has been in focus for the local councils. A local economic life in good shape which creates jobs for the residents and revenues from taxation is one of the key factors.

During the 19th century and the beginning of industrialism, persons in leading positions were engaged to get the location of the newly established companies. A parallel is the measures to get the railway through the community. Up to reform of mergers of rural and urban districts in 1970 some leading business managers were

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[□] The present paper/article is an outcome of a research project which origins can be traced back to the years around the latest turn of century.

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[□] Fredrikssund ved fjordene –Et hav af muligheder.
[http://www.frederikssund.dk/media\(2524,1030\)/Erhvervsstrategi_2008_-_forslag.pdf](http://www.frederikssund.dk/media(2524,1030)/Erhvervsstrategi_2008_-_forslag.pdf)

elected to local councils which enabled politics to be influenced by perspectives of the commercial life and vice versa.

January 1, 1999, was the first day of Region Scania. The region was founded as a result of a political intention to decentralize decision making and the execution. Public transportation is one of the regions successful operations, which has substantial importance for both population and businesses. Public transportation has also a key role in order to create a region in economic sense (regional enlargement). Another new main task was to contribute to the development of the regional conditions for business life.

The political assembly and its administrative machinery were however created on an already existing regional organization for mainly public health care and hospitals. Since health cover 90 % of the turn over, management of health is still the main task for the Region Scania.

Region Scania is situated close to Denmark. The close connections between Denmark and Scania are a historical heritage. The early years of Region Scania coincide with the first years after the completeness of the Oresund Bridge between Malmo (Scania) and Copenhagen (Denmark). These two processes are consequently interlacing. Some of the forecasts – to exemplify - for the decades ahead indicate that a considerable fraction of the nursing staff in eastern Denmark will come from Scania. This nursing staff is thus assumed to be commuter over the bridge.

The theoretical concepts for the behavior of the local authorities may be found in development of strategies, place branding, strategies in the public sector and the recent literature about the possibilities of planning in a fast developing economy

A - Strategic planning

It is likely that some planning in businesses, and in other human activities, always has been necessary. The increasing size and complexity of a large number of corporations and the acceleration change of markets and other parts of the environment have caused additional reasons for planning during the 20th century. The development of organizations and development of planning have substantial interest in common.

There are numerous of definitions, interpretations and applications of strategy. Henry Mintzberg discerns “Strategy is a plan” and “strategy is future thinking”.

B - Place branding

During the latest decades first “marketing places” and then “place branding” have been two common used concepts. If the task is to brand a product or a service, the starting point will be the product or service. To simplify, in this respect branding is to put a label. Place branding includes however in addition to that. The place

exists before the branding process encompasses processes of creation and implantation of strategy.

Moilanen and Rainisto⁴ exemplifies:

The brand management is perceived to be closely related to the overall management of the Ski Company and Resort, as the brand is considered to be the very essence of business. Accordingly, brand delivery is considered to be the responsibility of the whole organization, from frontline employees to the general manager.

Simon Anholt⁵ claims that place branding are possible when there is something to be branded. Place branding presumes a developing of the place. Therefore it is closely connected to the strategy.

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⁴ Teemu Moilanen and Seppo Rainisto (2009) How to brand, nations, cities and destinations p. 123

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⁵ Simon Anholt (Editorial)(2008): Place branding: Is it marketing, or isn't it? Place branding and public diplomacy. Volume 4, number 1, pages 1-6

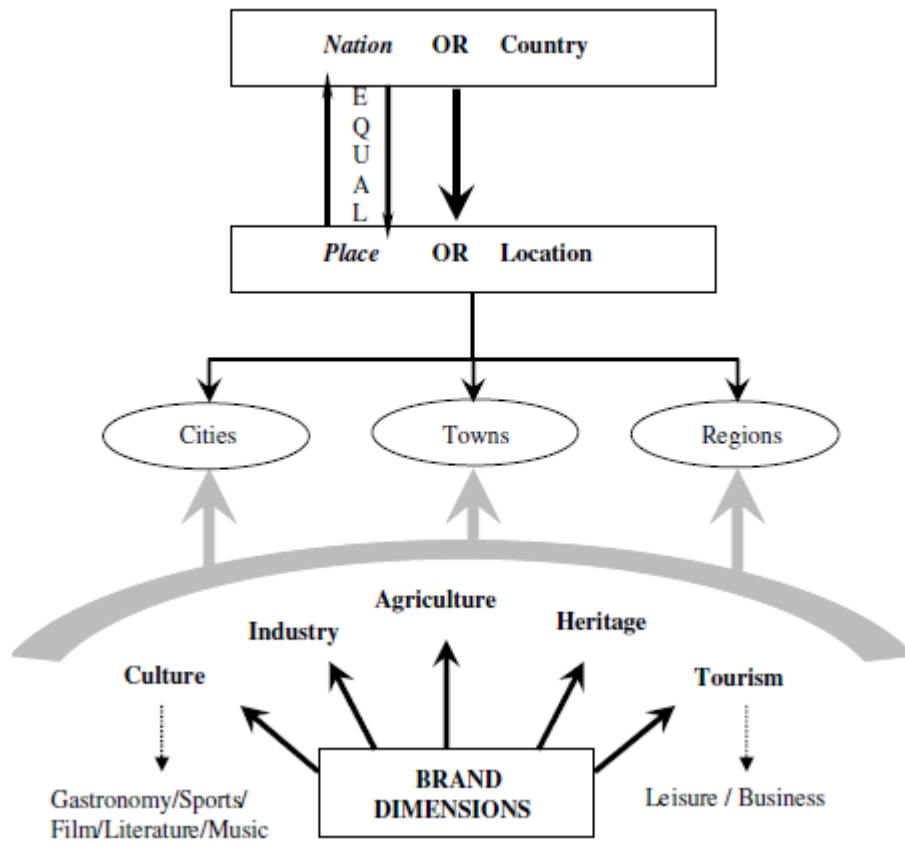


FIGURE 1 'Place and Associated Vocabulary (Sours: Sonya Hanna and Jennifer Rowley (2008)An analysis of terminology use in place branding Place Branding and Public Diplomacy (4, 1, 61-75

- 1.The stage of place marketing as a planning instrument. Place marketing came of age due to changes in both marketing and planning independently that led to a convergence. Place marketing in planning was made possible, by a series of conceptual and practical developments within marketing over the past 40 years. In particular, three necessary precursors to place marketing were the emergence of 'social marketing', 'non-profit-marketing' and 'strategic image marketing'. It was changes in the priorities of planning that made pm desirable. These changes related to new competitive arenas in which places now operate and to the way society organizes itself (particularly the relationship between government and the governed).
- 2.To conduct an organization needs a strategy (a plan). There are quit a few definitions of strategy. One of them is: "An organization's strategy consists of the pattern of moves and approaches devised by management to produce successful organization performance." An interpretation of this quotation may be that a management directs its organization through fairly detailed
- 3.Another definition: Strategy is about a company's or another organization's long-term direction and the organization's conscious or unconscious effort to reach a competitive advantage.

C - Strategies in the public sector

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▣ Gregory Ashworth and Mihalis Kavaratzis (2010) (editors): Towards Effective Place Brand Management. Branding European cities and regions

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▣ Howard W Oden (1999): Transforming the organization

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▣ Anders Melander & Mattias Nordqvist (red.) (2008). Att förstå strategi.

4. Richard Whittington divide strategies into four parts

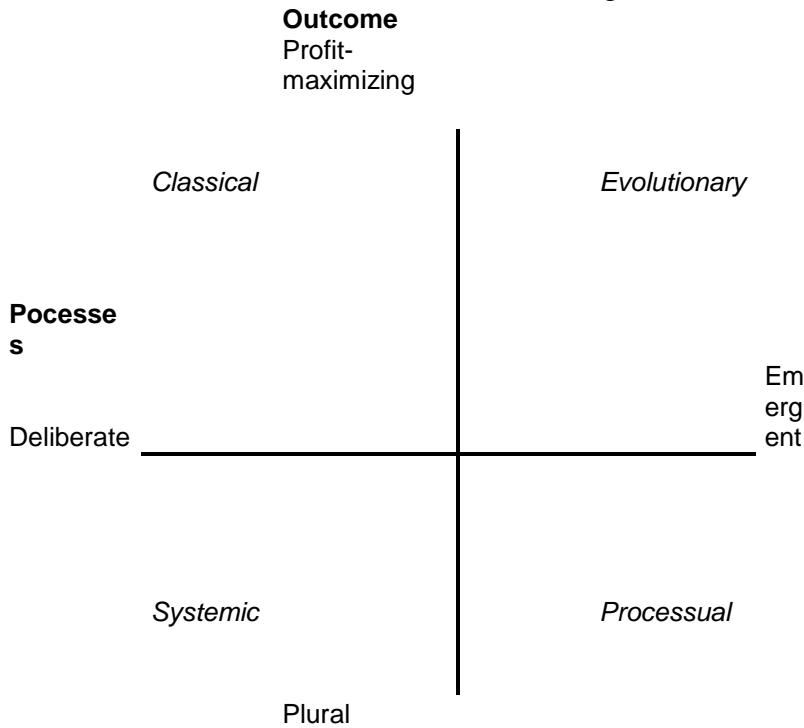


Figure 1

From 1970 the fraction of managers in local councils has decreased. A large number of urban and rural districts have one or several official(s) (responsible for contacts with the local business life and implementing the actions) whose major assignments are: contacts and relations with companies in the area, contribute to the networking between companies and to find “customers” for the service mainly focused to small companies which the authority offers: Real estate and premises, Closely connected administrative execution of different parts of the councils organization (One-Stop-Shop), contacts with companies by visits, seminars and major events.

In spite of Scania's smallness and geographical limitations, the 33 districts have striking different presumptions. In order to get the local authority to contribute to development of the district and its economic life a plan has to be formulated in collaboration with the economic life. An important starting point is likely the companies and industries which are busy. Since every authority takes the measures (3), the plan should be based on the district special presumptions.

It is usual that the plans (strategies) are published on the areas homepage. The plans often consist of Descriptions of the present situation, Measures and Objective. These three items should have mutual correspondences, which illustrate the importance of the present situation in order to formulate a reasonable vision and mobilize necessary measures. The strategy can be a manner for the management of the district to inspire actors inside and outside the organization of the area.

A part of the activity has its basis in “fairly general objectives”. If these objectives are the basis of the collaboration between the authority and the business life, the outcomes might be modest and the grounds for collaboration may decrease. To collaborate about projects which are clearly defined regarding time and resources, the motivation may instead

increase. In addition a number of projects after each other may increase the learning of the actors and the organizations.

There are numerous ways to describe and analyze the development of the local authorities' strategies and behavior concerning business life. One way is to use the concept "public diplomacy" (PD). The discussion of nations can be applied to local authorities as well::

According to my theory of nation branding, it is only when PD is carried out in coordination with the full complement of national stakeholders as well as the main policy makers, and all are linked through effective brand management to a single, long-term national strategy, that the country has a real chance of affecting its image and making it into a competitive asset rather than an impediment or a liability ⁹

A starting point is the prerequisites of the rural or urban area. This may consist of the geographical location, natural resources, the business traditions, the prevailing commercial life, manpower and the nearness of communications. Compare to other parts and regions in Sweden, the distances in Scania are fairly minor. In nearly all of Scania agriculture is an important industry.

In spite of Scania's limited area, the prerequisites differ obviously. In the south and the west it is flat country with large estates. In northwest there are pits of clay, which since several hundred years have given rise to different ceramic industries. In the northeast the countryside is far hillier, the ground is less fertile, the farms are not so large and the element of forest is large. In southeast the landscape is more undulating. Since Scania is surrounded by the Baltic Sea and Oresund in three points of the compass, the industry of tourism is busy during the summer.

Consequently the traditions of business life differ between places and districts. The outset of a development of a community is the current commercial life and its traditions. Some elements of the traditions are: industrial community on the one hand and a great number of owners of small businesses on the other. Since new ventures seem to be a path of the current economic development, the two alternatives may provide very different starting-points. Especially in industrial communities may "start-up-courses" contribute to an alternation. Aronsson and Johannisson (2001) have illustrated that a good soil for entrepreneurship may be created by a great number of factors for the entire society.

To illustrate the widely different prerequisites in different parts of Scania some examples from different districts could be reproduced.

In Bjuv, a small mainly rural area, with barely 7.000 inhabitants the traditions of industrial community in the manufacturing industry and the food industry have been strong. The continuing structural transformation has entailed a number of close downs. In order to develop Bjuv, the local government commissioner and the administration have begun to foster entrepreneurship. One tangible example is that a number of growing companies in a Science Park in Lund have established operations in Bjuv.

The situation in Bromölla, with slightly more than 12.000 inhabitants, has both similarities and differences with Bjuv. Both places are characterized by factory mentality. A key-factor, a mutual understanding of local politics and business seems to be greater in Bromölla. This is partly due industrial management during decades has participated in local politics.

The well-known tennis place Båstad has a long history of vacation, which can be traced back to the turn of century 1900. The mainly rural district Båstad is situated on peninsula with mild climate and farming is a profitable industry. In order to growth and widen the scope business, the local authority in cooperation with local trade association have planned a new area for different new ventures. Some of them are intended to be outlets-stores, which has caused an apprehension that such stores could damage the brand of Båstad.

The Town of Helsingborg, with 130.000 inhabitants, is an old commercial town not far from Båstad. Helsingborg has developed to one of major seaports in Sweden and also a flavoring commercial town both in wholesale and retailing. Besides the geographical position, the heritage from the import and wholesale of colonial products has marked Helsingborg.

In Hässleholm a town founded in 1914 witch is a rail way junction. The networking among representatives for different companies seems, according to

In Malmo, the largest town with fully 300.000 inhabitants, the municipal government in corporation with the commercial community has begun a transformation from a place with a shipyard and other heavy industries to a city partly characterized by the emergent knowledge industry.

The different local authorities have fairly close collaboration in a number of forums. In these forums the authorities can learn from each other. That is to say offers and adoptions to businesses from one authority will soon inspire the other authorities to introduce a similar service. Consequently the authority's capability to adapt the offers and obliging to the local conditions will influence the possibilities to promote the development.

In order to describe a possible course of events by the local authorities to create a strategy regarding the commercial life, a number of steps could be formulated:

Step 1: in Scania each of the 33 municipalities has an attitude towards the business society and what measures the municipality may take to improve the business conditions. These measures could be divided into three parts:

A starting point may be the contact between the responsible officer (RO) at the local authority and the different business managers. Such a contact may contribute to a mutual understanding of the positions. In my case studies the focus has been of the local authority's understanding of the local business life, but in the long run even the opposite may be interesting. The ability to establish connections is consequently a key factor.

Through these relations the authority in a minor way can contribute with different "service measures" which mainly consist of:

- a. Rent/selling building sites/properties/premises.
- b. Contribute to a local business network by arranging networking, visiting different businesses, annual major events and courses in subjects which are related to small enterprises.

- c. Facilitating the local authority's handling of e.g. permissions. In some municipalities this is called "One-door-in" or "One-stop-shop".
- d. In a number of local governments it is desirable that the different administrations should be as customer/civic oriented as possible.

To describe the traditions of and the conditions considering the local commercial life. The description could include geographical position, natural resources, education and experiences of labor manpower and the nearness to communications.

In Scania different localities have different traditions such as: Industrial community, a society of entrepreneurs and small businessmen, business parks, a major geographical market place and tourism & conferences. When the local authorities engage themselves into the development of the business life, it seems natural that the present economic life and its professional competence is the starting point. It is probably a competitive advantage.

Step 2: A decisive part of the conditions are the traditions of business life. These traditions are evident closed related to the conditions in "Step 1". Consequently: the traditions play a major role for the local community to find a path in the future. An important "dichotomy" is between an industrial community and a community with flourishing entrepreneurship and a variety of small enterprises.

Step 3: Particularly in areas with a marked industrial community culture, both the local business community and local government strive towards growing entrepreneurship. In an epoch of globalization starting new ventures has become a panacea to enforce economic development.

In quite a few municipals strong networks are assumed to contribute to a favorable "business climate".

In Båstad, a good "business climate" is partly created by networks, meetings and other scenes for corporation between business managers, local authority and others.

PRELIMINARY:

Step A: In some urban and rural districts "developing projects" have been created and then realized. Two current, large and well known examples in Scania are The Western Harbor in Malmo and ESS in Lund.

The Western Harbor is being build in an area were the former shipyard Kockums was located. The market and then the financial problems in Kockums started in the mid sevenths. Kockums and other Swedish major ship yards were driven out of competition by ship yard in mainly south east Asia. Since the creation and building in the Western Harbor started in the mid ninetieths, it is a very long period project. The closing-down of Kockums initiated a process of calling the business life in Malmö in question. During the latest three decades there has been a conscious purpose to replace manufacturing industry with knowledge-based companies. Today Western Harbor accommodates soft ware companies, good restaurants and modern expensive apartments.

ESS (European Spallation Source) is forthcoming pan European research construction. The different buildings will be placed in a new part of Lund. The area will be as large as the area of medieval town centre of Lund. It is obvious that such a large project will

involve a variety of the professional planning capacities in the administration of Lund. It also seems obvious that the administrations handle of the project has increased motivation.

There seem to be a number of obvious advantages to cooperate between business life and municipalities in projects instead of only in on going committees

- * A project has a goal. Something has to be realized.

- * A project usually has a time limit. The project has to be finished in within a certain time.

- * A project usually has a budget. To prioritize is a natural element in the managing of the project.

- * Since a project has a time-limit, the politicians, its administration and the local business community can draw conclusions from a project and use this knowledge in the next projects. This learning may increase the motivation for participation.