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Regional system of entrepreneurship

- A study of the systemic features of entrepreneurship support organizations in Scania and potential policy implications of a systemic approach

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Abstract: The region of Scania, Sweden has set the goal to become “Europe’s most innovative region” by 2020 and has realized the importance of promoting and supporting entrepreneurship at the different stages of the entrepreneurial process to achieve this goal. This thesis investigates the structure of the entrepreneurship support in the region, with the aim to discover whether a system of entrepreneurship exists presently, and what the systemic implications would be if such an approach is applied. From theories on entrepreneurial policy and systems, key themes were extracted in a coding process and were subsequently applied in a mapping of support organizations that was complemented with interviews with key individuals at Region Skåne. The features of the support structure mirror the academic and industrial environment in the region and there is strong emphasis on supporting Entrepreneurial Capabilities and providing Networking opportunities, whereas other activity areas are less common. The major part of support organizations is located in the earlier phases of the entrepreneurial process - focusing on pre- and start-up support - whereas entrepreneurs in the growth phase are less often the target of support. Although Region Skåne is attempting to systemize the structure, there is currently no proper system of entrepreneurship in the region that offers a clear overview, but rather shows signs of competition, overlapping and gaps. A systemic approach would better identify surplus resources and systemic constraints, hence better promote and leverage entrepreneurship for sustainable and economic growth and help the region to better capitalize on the new firm creation dynamism that already is present in Scania.

Key words: entrepreneurship, regional policy, support organizations, systems, HEI, networking, entrepreneurial capabilities, entrepreneurial process

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Chapter I: Introduction

Background

Regional economies are undergoing momentous change; with the globalization of trade, rapid technological change and greater access to information and knowledge, new opportunities are offered at local and regional levels for development, but at the same time require considerable investment from the enterprises, organizations and institutions in the region. In order to better capture trade and other economic opportunities, the investment in and support of innovation, entrepreneurship and early-stage business creation is increasingly becoming an important tool for adapting and maintaining a competitive edge. The region of Scania (Skåne) is according to the OECD (2012) a frontrunner in the building of a regional innovation policy, in line with the most advanced policy thinking. The region is recognized as one of the most innovative regions in the world, and has even set the goal to become “*Europe’s most innovative region*” by 2020 (Skåne, 2015c).

However, several obstacles remain if this is to be achieved; the regional innovation system has several weaknesses and faces challenges that are reason for concern when it comes to regional growth. The economic impact of the region’s dynamism in new business creation is severely constrained by the *limited size* and *growth* of new businesses. The number of employees in firms in e.g. Malmö and Lund in Scania is on average very low, in particular in the financial sector, where the region is becoming increasingly specialized. Compared to average firm sizes in other regions in Sweden, firms in Scania are only marginally larger than those in Gothenburg (OECD, 2012), whereas they are smaller than those in Stockholm. The rate of new firm creation is low in Scania in an OECD comparison (though not as poor relative to other Swedish regions) and one of the main policy challenges is the lack of growth in early stages of emerging companies. The relatively low new firm creation rates, combined with weak growth rates, is a reason why young firms’ contribution to overall employment and growth remains limited in Scania – the causes for which can be traced back to the policy-making level (OECD, 2012).

The region has however, many initiatives aiming at supporting new firm creation, especially academic spin-off enterprises. However, many of these are criticized by e.g. the OECD (2012) for creating firms that subsequently lack a growth orientation. Frostberg (2013) reports on a review conducted on the ‘Innovation Support System’ in Scania with bleak conclusions; that there are too many organizations, with too similar agendas and with too little cooperation between themselves in the region. Only in 2013 the region invested SEK730 Million of taxes in

support organizations, aiming to provide start-ups with necessary funds or resources, yet, the performance figures have not improved much as aforementioned, and the comparatively meagre long term performance of the region's new start-ups remains poorly understood.

Previous Research

Already in 1934 Schumpeter stated that entrepreneurs were 'agents of creative destruction' who introduced change into the economy by challenging and undermining established industry incumbents. Since the 1980s, there has been an "*explosion of research into entrepreneurship and the small and mediums enterprise*", as put by Gibb (2000:13) but in particular since the 1990s, when Porter (1990:125) claimed that entrepreneurship is "*at the heart of national advantage*", which is evident by the considerable growth in academic literature on research on this topic, as well as in 'grey literature' – i.e. press, journals and consultant reports. Many researchers have argued various economic benefits generated by entrepreneurs and established strong linkages between entrepreneurship and growth (Acs, Carlsson & Karlsson, 1999; Audretsch & Thurik, 2001; Kirchoff, 1994; Reynolds, Hay, Bygrave, Camp & Autio, 2000). The outcome of this research suggests that as a result of globalization and the ICT-revolution, a substantial reallocation of resources and structural change is required, which is where entrepreneurship comes in (Wenneker & Thurik, 1999) as well as that entrepreneurship causes augmentation in number of firms, and increase in competition and diversity among firms (Audretsch & Thurik, 2004). Other benefits range from innovation (Acs & Audretsch, 2009), knowledge spillovers from research to industry and facilitation of technology transfer (Acs & Audretsch, 2009; Grimaldi, Kenney, Siegel, & Wright, 2011), to productivity (van Praag, 2007) and job creation (Blanchflower, 2000; Parker, 2009). In recognition of growing evidence that high levels of entrepreneurial activity is an important contributor to economic development and growth but also social justice, governments and policy makers (having realized the significant role and impact they can play in stimulating it) are progressively seeking new ways to increase countries' or regions' entrepreneurial vitality and increasingly pursuing more entrepreneurship friendly policies. However, Gibb (2000) points out that despite the increase in academic knowledge, there has been a '*growth in ignorance*' on the topic, with a major manifestation being the emergence of myths that influence the establishment of policy priorities. Storey (2008) argues that although there is a substantial diversity in which kind of policies are implemented, there is little reliable evidence of these policies' effectiveness, mainly due to a reluctance of governments to ensure that such policies are cautiously evaluated. Precisely how to design and implement entrepreneurship policy measures in a strategic manner, remains presently an 'inexact' science at best; however, as mentioned a considerable amount of

research on the importance of entrepreneurship in economic growth and development is currently being conducted.

Although the previous paragraph only offers a very brief summary of the field of research, it does demonstrate compelling economic as well as social rationales for why policy makers should want to influence the level of entrepreneurship. However, although this research did draw attention to policy areas that need to be addressed, it is not until recently that inquiries have been conducted to examine what governments in practice are doing to develop entrepreneurship policy and how they are doing it. Starting in the mid-1990s organizations such as APEC, the European Commission, and especially OECD, embarked on serious missions to examine economic and policy approaches to entrepreneurship development, establishing a second 'strand' of research within entrepreneurship field. Especially following the publication of the Lisbon Agenda, there has been an increased interest in Europe in particular, in research in entrepreneurship and SME policy. The ambitious aims of the Lisbon agenda emphasized the importance of improving measurements in these policy areas, and as a result, considerable resources have been allocated to research in this policy area in many EU countries (Tillväxtanalys, 2011). These reports describe *'what can be done'* and prescribe *'what should be done'* in a policy-way to increase the level of entrepreneurial activity (European Commission, 1998, 2000; OECD, 1995, 1997, 2001a, 2001b, 2012a; Verhulst, Wennekers, Audretsch & Thurik, 2001). Several reports have been conducted directly on the Scania region as well, e.g. on commission by the European Commission, the OECD, Region Skåne and/or Tillväxtverket – focusing on the regional innovation system (RIS) and a recent report by Zukauskaitė and Moodysson (2014) provides an overview of the business- and innovation support organizations in the RIS in Scania.

Despite extensive research on the topic, entrepreneurship has however, never received adequate treatment as a country-level phenomenon. To large extent, core works of the NSI literature, but also economic growth theories, fail to include entrepreneurship (Acs & Sanders, 2012). The largest share of country-level entrepreneurship indicators are simply individual-level aggregates of activity, and consequently, a 'systemic' understanding of entrepreneurial activity remains under-developed (Acs, Autio & Szerb, 2014; Gustafsson & Autio, 2011; Radosevic, 2007). Most literature in the field has failed to consider system-level constraints and outcomes when it comes to entrepreneurship, but merely focused on the individual and on the new venture (Shane & Venkataraman, 2000). Acs, Autio and Szerb (2014) introduce the concept of '**National Systems of Entrepreneurship'** (NES) as a fundamental resource allocation system, but the research that has been conducted on the topic remains limited at best. Considering that countries are heterogeneous, analysing entrepreneurship systems at a regional level would perhaps be an

even more appropriate approach. A Regional Entrepreneurship System approach would take key elements of a regional context into account, that enhance entrepreneurship as an output and socio-economic development as an outcome, including knowledge, networks, institutions and culture. However, at this date, this is merely a promising new direction that e.g. the University of Oxford is calling a conference on to develop (University of Oxford, 2015). Considering that research on the systemic level of entrepreneurship and the application of entrepreneurship policy remains limited, and at regional level almost non-existent, this presents a compelling research field. In particular, in the context of the Scania region - where no comprehensive, systemic mapping has been conducted to distinguish between entrepreneurship, SME and innovation support organizations and how the distinction within the policy fields is applied in practice - there is a considerable empirical and theoretical research gap.

Aim and Justification

The aim of this study is first to establish an understanding of the regional support system for entrepreneurship in Scania, and how it is manifested in practical policy tools employed to promote entrepreneurship, new firm creation and new firm growth. It aims to shed light on the relationship between the system's characteristics and the outcome in forms of new firm creation, thus identifying potential effects on policy a systemic approach would entail. The main research question is:

What are the main regional policy implications of applying a systemic perspective to entrepreneurship?

The research question will address the earlier identified research gap, and in such, have both *theoretical implications* and *empirical implications*. The illustration of the structure of the policy system in the region, by conducting a mapping of the various involved bodies in the regional entrepreneurship system, including the whole body of regional support organizations, national branches and EU funded projects, will highlight the support system available to entrepreneurs and business owners at *different stages of business creation*. The outline ought to clarify how the distinction of entrepreneurship and SME-policies are applied in practice, and the consequent strengths and weaknesses in the policy and supporting system. The integration and interaction of entrepreneurship and SME policies remains a grey-area in theory, but even more so, in practice, and this study will offer a better understanding of the support structure for entrepreneurs and new business owners and how it might affect their ability to innovate and grow. Finally, tentative suggestions for what implications this can have for the policy - in order to better capitalize on the new firm creation dynamism that already is present in the region - will be presented.

Outline of Thesis

The outline of the thesis is as following: after the first Chapter of Introduction, the second Chapter will present a review of the main theoretical framework relating to the topic of research that later is used for the development of document analysis and interview guides. Chapter III describes the different types of qualitative data that are used in the study, followed by Chapter IV with a comprehensive outline of the method and research design employed while conducting the study and writing the paper. Added to this is a discussion of the limitations of this study due to issues of validity, reliability and generalizability that are the result of the employed methods and used data. Chapter V gives an overview of the secondary empirical data used in the study, and Chapter VI provides a description of the primary empirical results obtained from document analysis and interviews. Chapter VII presents a discussion of the empirical results based on the earlier presented theoretical framework, thus gathering all earlier threads in one joint discussion. The final Chapter VIII summarizes the study's results, highlights the conclusions and offers suggestions for future research on the topic.

Chapter II: Literature Review

To fully understand the functionality of an entrepreneurship system, it ought to be analysed in relation to activities on national and global levels since these often have an impact on regional measures, however, it goes beyond the scope of this paper to comprehensively cover all spatial levels. Instead, more emphasis will be on issues directly related to the region of Scania. Considering the novelty of the NES concept, it is not surprising that literature on regional entrepreneurship systems is more or less inexistent, yet it is possible to an extent, to apply the system in the analysis of the regional level.

Entrepreneurship Policy and Determinants of Entrepreneurship

Defining entrepreneurship is a complex issue, with some arguing it is the activity of new firm creation and self-employment (Reynolds et al., 2000) while others argue for a more general firm-level behavioural disposition towards entrepreneurial orientation/activity (Lumpkin & Dess, 1996). Another interpretation is that of certain cognitive attributes allowing for better opportunity perception (Shane & Venkataraman, 2000). For the sake of measurement, in this study *entrepreneurship* are activities that aim and/or result in concrete new venture creation and *entrepreneurship policy* are actions that aim to foster and promote entrepreneurship. Although there are a broad variety of factors that the level of entrepreneurship depends on, such as economic, social and cultural factors, it is generally accepted that policy measures can influence the level of entrepreneurship in a country or region (EZ, 1999; Storey, 1994, 1999). Having recognized the importance of the small business sector for economic and employment growth, market competition and innovation, governments typically try to influence the level of entrepreneurship since in the early life phases, small businesses are often weak and in need of support to properly compete in the market (Lundström & Stevenson, 2005; Verheul et al 2002).

Policy measures can affect entrepreneurship either directly through micro policy (such as financial assistance and informational services that target entrepreneurs and small businesses specifically) or indirectly through general macro policy (such as taxation, labour market regulation, deregulation and simplification, interest rates, social security and income policy) (Storey, 1994). The latter, although generic, are a medium for a government to influence the market structure and the framework within which businesses operate, and thus, have an indirect but important impact on entrepreneurial activity (Verheul, Wennekers, Audretsch & Thurik, 2002). This study will focus on direct, micro policy and regional entrepreneurship policy is here defined as *concrete initiatives and actions that target entrepreneurship processes in the region*. Larger studies have already been conducted on macro-policy level (Tillväxtverket, 2014) and regional support

organizations usually concern themselves with micro-policies, having little or none authority to affect macro-policies.

Although there is some agreement on which policy areas are important for promoting entrepreneurship activities, there is yet no clarity as to which combination of policy measures will produce the desired results in a specific context, since there is a complex interplay between the entrepreneur, the enterprise and the environment that must be taken into consideration (Lundström & Stevenson, 2005). Although each government has its own unique policy framework (Hoffman, 2007) certain trends can be detected. The OECD (2008) has created an ‘Entrepreneurship Measurement Framework’, building on research done by e.g. Audretsch, Thurik, Verheul, Wenneker (2002), Lundström and Stevenson (2005) and the Danish Entrepreneurship Index developed by Hoffman (2007), combined with a pragmatic policy approach. For the purpose of this study, the focus will be on the first section of the framework, namely, the six determinants of entrepreneurship (see Figure 1).

Determinants						Entrepreneurial Performance	Impact
Regulatory Framework	Market Conditions	Access to Finance	R&D and Technology	Entrepreneurial Capabilities	Culture	Firms	Job Creation
Administrative Burdens for Entry	Anti-Trust Laws	Access to Debt Financing	R&D Investment	Training and experience of entrepreneurs	Risk Attitude in Society	Employment	Economic Growth
Administrative Burdens for Growth	Competition	Business Angels	University/ Industry Interface	Business and Entrepreneurship Education (skills)	Attitudes Towards Entrepreneurs	Wealth	Poverty Reduction
Bankruptcy Regulations	Access to the Domestic Market	Access to VC	Technological Cooperation Between Firms	Entrepreneurship Infrastructure	Desire for Business Ownership		Formalising the Informal Sector
Safety, Health and Environmental Regulations	Access to Foreign Markets	Access to Other Types of Equity	Technology Diffusion	Immigration	Entrepreneurship Education (mindset)		
Product Regulation	Degree of Public Involvement	Stock Markets	Broadband Access				
Labour Market Regulation	Public Procurement		Patent System; Standards				
Court & Legal Framework							
Social and Health Security							
Income taxes; Wealth/Bequest Taxes							
Business and Capital Taxes							

Figure 1 The OECD/EUROSTAT framework for Entrepreneurship indicators (OECD, 2008;20)

Most literature agrees that entrepreneurial activity fundamentally depends on three factors: *opportunities, resources and skilled people*, and that these three factors are affected by two

important overarching factors: the surrounding **Regulatory Framework and Culture**. The **Regulatory Framework** affects overall performance and includes all regulations, taxes, public rules and institutions that affect entrepreneurship. The underlying rationale is that a combination of opportunity, capabilities and resources are not enough to create entrepreneurial activity if the opportunity and start-up costs outweigh potential benefits, which is where the regulations can have an impact. **Culture** also affects all parts of the model, by influencing an entrepreneur's individual assumptions, attitudes, perceptions, learning and behaviour.

Resources include the **Access to Capital** and **R&D and Technology**, and the former covers all phases of the business process, from early seed funds to access to stock markets – in fact, capital access is often highlighted as one of the most critical success factors (OECD, 2008) - and R&D is in this context understood as resources, embodied or in diffused form, that can be created and purchased, such as new inventions that can be turned into new products or services. **Opportunities** are created by the **Market Conditions** and include public involvement in markets, procurement regulation, competition and access to foreign markets. **Skilled People** stems from **Entrepreneurial Capabilities** and access to other capabilities within an entrepreneurial infrastructure (Lee, Miller, Hancock & Rowen, 2000) and include the social and human capital of the entrepreneurs.

These six determinants can, as suggested by the framework, be further broken down in different policy areas, indicating that there are many different ways to improve any of the six determinants. The practicality of the framework is that it highlights the range of policy options available for addressing different issues. For instance, if a government wants to develop the 'enterprise culture', it can seek to influence attitudes to risk and early entrepreneurial education, or if the market conditions for entrepreneurs or SMEs are less good, policy measures addressing competition, internationalization opportunities or public procurement can be implemented.

Segmentation of Entrepreneurship Policy

A major weakness in much of the literature is that specific entrepreneurship-oriented policies and measures are lumped together with SME-oriented policies. Lundström and Stevenson (2005, 2007) argue that it remains unclear how entrepreneurship and SME agendas relate to and affect each other, and to what degree they are and should be integrated. Consequently, SME policy ought to be distinct from entrepreneurship policy, since while early phase policies are interwoven in a web of institutional partners that make up the 'support environment' (e.g. educational institutions, media and other ministries), late phase policies are implemented using a more narrow set of economic institutions (such as financial intermediaries and development agencies)

(Lundström & Stevenson, 2005). Although this terminology is not likely to capture the diversity and multifaceted nature of entrepreneurship and SME activities and policies in its fullness, it is helpful in overcoming basic definitional difficulties and does allow for a comparison and examination of the different policy areas. However, as will be demonstrated, it is not as simple as drawing a straight line between these two policy branches.

Policies for Early Phases of the Entrepreneurship Process

The policy branch aiming at the pre-start-up, start-up and early post-start-up phases of the entrepreneurial process is called '*entrepreneurship policy*' by Lundström and Stevenson (2007). The primary objective is to encourage more people to consider entrepreneurship a feasible option, to move into the nascent stage of actually taking action to start a business and move more entrepreneurs through the process of entry and early stages of the business.

Entrepreneurship policies are wide-ranging in character, reaching from entrepreneurship promotion in education and in society in general via media and support for people who seek to start a business, to the reduction of administrative, regulatory and legislative barriers that the entrepreneur might face (Lundström & Stevenson, 2005). There is consequently both '*soft support*' in the form of awareness rising, promotion, training and advice, and '*hard policies*', such as direct provision of financial assistance and other types of guarantee programs, and the adjustment of institutional and regulatory barriers (Storey & Green, 2010).

There are two types of entrepreneurship policies according to Lundström & Stevenson (2005): 'general' policies that apply to the whole population - although there is considerable critique aimed at such general policies, mainly that 'more is not always better', with Carree, van Stel, Thurik & Wennekers (2002) arguing that just as a country can have too few businesses, it can have too many. It is argued that new businesses only are a threat to existing small businesses, as well as that most new start-ups are not as innovative as lead to believe, but primarily offer similar products or services as existing businesses, which according to Storey and Greene (2010) can be an explanation for their high closure rates. The second type of policies target specific groups, e.g. in cases where the new businesses are predominantly established by one group in society, whereas other social groups are under-represented, entrepreneurship policies can seek to make it easier for e.g. young people, women and ethnic minorities, to start a business (Lundström & Stevenson, 2007). However, such selective entrepreneurship policies have been criticized, since encouraging and fast-tracking individuals that do not possess the necessary skills into business ownership, only for the sake of equalizing the business ownership rates across

groups, might be counter-productive both for the individuals and society as a whole (Storey & Greene, 2010).

Policies for Late Phases of the Entrepreneurship Process

Lundström and Stevenson (2007) call the policy branch that focuses on the post start-up phase – i.e. survival and growth - of existing businesses ‘SME policy’. Its primary objective is to (a) level the playing field for small firms by helping them overcome their disadvantages in the marketplace that stem from their ‘smallness’ and ‘resource poverty’ and (b) to improve their overall competitiveness. There are consequently, two separate aims of SME policy. Firstly, to ensure that SMEs are not disadvantaged by (anti)competitive behaviour of larger businesses. Secondly, to provide support to ensure that SMEs are able to maximize their potential, and in particular, to focus assistance on those SMEs with the motivation and ability to grow. Storey and Greene (2010) explain that at this stage, the policy focus has shifted from the individual to the business and that the support most likely will be ‘hard’, i.e. more grants and loans.

Similar to entrepreneurship policy, SME policy can be further segmented into two parts: one aiming at supporting all SMEs and another at specific types or groups of SMEs. The first type of support, is however, criticized, since although SMEs contribute to job creation and wealth, this contribution is disproportionately concentrated within a small minority of businesses, i.e. not all SMEs create jobs or wealth. According to Wiklund, Davidsson and Delmar (2003) many SME owners do in fact not wish to grow their businesses due to various reasons, and therefore, a general SME policy approach is ‘wasting’ resources on SMEs that do not desire to grow. At the same time, if the policy aim is to support SMEs that want to grow, governments may face difficulties in identifying and ‘picking the winners’ according to Lundström and Stevenson (2007). With support organizations rarely having an equity stake in the business nor sharing the risks, to choose to offer assistance to some SMEs while rejected others can be a difficult task. In particular, if a decision would turn out bad, it might be difficult to reconcile this with the risk avoidance that inevitably will be present since the actors are dealing with taxpayers’ funds. Although both these arguments have their highlights, the concept of growth is itself poorly understood, and it is therefore very unlikely that one policy could fit all SMEs, but rather, the public sector should – and often does – offer many differentiated programs for support of growth.

Phases of the Entrepreneurial Process and Applied Policies

Figure 2 illustrates the interface between the two policy domains, as developed by Lundström and Stevenson (2005, 2007), but also the overlap between them, with entrepreneurial activity persisting and existing alongside growth in some businesses as they develop, implying that entrepreneurship policies can extend into the 'arena' of SME policy and vice versa. The first 42 months (first four phases) of a new business are crucial, and it is during this period that the businesses are most vulnerable and the failure rate is the highest (Lundström & Stevenson, 2005). Throughout the process, not only economic

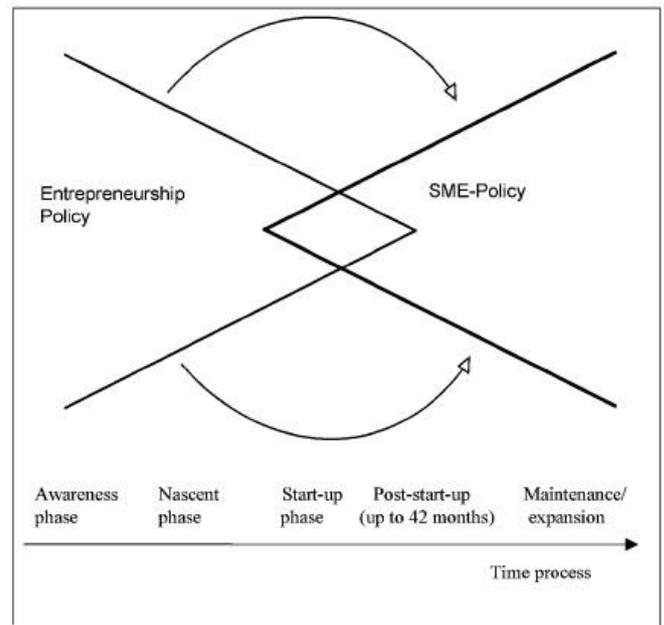


Figure 2 The interface between entrepreneurship policy and SME policy (Lundström & Stevenson, 2005;55)

social opportunity factors such as gaining knowledge and skills. However, a diverse set of policies ought to be applied based on the different needs in different phases.

- (i) **Awareness phase:** 'soft' measures to raise interest for the entrepreneurship option, motivation of students and the younger part of the population are possible actions;
- (ii) **Pre-start-up phase (Nascent):** developing and supporting intentions and the pursuit of opportunities, information and advice about start-up possibilities, and training programs are common activities, with business support organizations playing an important role in this phase;
- (iii) **Start-up phase:** measures aiming to reduce regulatory and procedural entry barriers, provision of counselling, training and financing are important tools;
- (iv) **Post-start-up phase:** policy focus shifts to the potential of growth companies, with e.g. seed financing, reducing administrative burdens, improving networking and technology transfer. This is still within the sphere of entrepreneurship policy, but is increasingly overlapping with SME policy;
- (v) **Maintenance and Growth:** focus shifts to deal with sustainability, growth and productivity issues by addressing administrative and tax burdens, labour regulations, growth financing, technology adoptions, internationalization and bankruptcy laws as well as easing the exit option - here SME policy plays the largest role.

A System of Entrepreneurship

A 'system' is defined by Nelson (1993:4-5) as: "*a set of institutions whose interactions determine the innovative performance [...] of firms. There is no presumption that the system was, on some sense, consciously designed, or even that the set of institutions evolved works together smoothly and coherently*". A system is thus an evolving set of components that work together to produce some systemic outcome and performance. Although firms traditionally are recognized as the most important actor in the system, recent research demonstrates that the public sector has an important role to play in facilitating the functionality of the entire system (Asheim, Boschma & Cooke, 2011; Zukauskaitė & Moodysson, 2014). In other words, the public sector can create conditions for knowledge creation and innovation actively and thus affect the performance of the actors in the system (Gertler, 2004; Storper, Lavinas & Celis, 2007). The actors in the Regional Innovation System (RIS) include all public and private organizations located in a region and involved in innovation processes – ideally, linked to each other through knowledge relations (Cooke, 2004; Cooke, Uranga & Etxebarria, 1997). Common features in these systems is the formation of an umbrella organization that coordinates support activities, regional and national levels, public and private sector, business and academia (Etzkowitz & Leydesdorff, 2000; Moodysson & Zukauskaitė, 2012), and the creation of *knowledge exchange, networking and interaction platforms* as the main measure of innovation support (Martin, Moodysson & Zukauskaitė, 2011). However, although the RIS literature is heavily influenced by the Schumpeterian tradition, surprisingly little attention is paid to the entrepreneur and instead remains firmly rooted in later Schumpeterian ideas of 'Mark II' firms and innovation, with large corporations playing the main role in innovation and R&D (Freeman, 1997). The earlier Schumpeter 'Mark I' theory, where the entrepreneur is recognized as a key agent of creative destruction, is largely overlooked. To amend this, a recent study by Acs et al (2014) puts the entrepreneur in the centre.

The new concept of Systems of Entrepreneurship, however, still retains that the ecosystem has an important role to play in nurturing new ventures into fully-fledged, value adding growth companies (Autio & Thomas, 2013). Acs et al (2014:479) define the National Systems of Entrepreneurship (NSE) as "*the dynamic, institutionally embedded interaction between entrepreneurial attitudes, ability, and aspirations, by individuals, which drives the allocation of resources through the creation and operation of new ventures*". Acs et al (2014) argue that a systemic approach to entrepreneurship would be helpful for designing policies to promote and leverage entrepreneurship for sustainable, economic growth. In a NSE, the role of the ecosystem is as both a regulator of opportunities and the regulator of the outcomes of entrepreneurial actions. If the resources allocation that drives - and is driven by - entrepreneurial activity is to function efficiently in a system, three conditions must be fulfilled:

- 1) The ‘right’ individuals form conjectures that entrepreneurial action is feasible and desirable;
- 2) The ‘right’ individuals act and initiate new firm attempts that channel resources to productive uses;
- 3) The new firm attempts are allowed to realize their fullest potential.

The NSE thus highlights the interaction between the institutional context and individuals, in producing entrepreneurial action and regulating the outcome and quality of this action. Their definition is similar to Kirzner’s (1997) concept of entrepreneurs as drivers of market learning, but differs with its stronger emphasis on resources access and mobilization, and the associated knowledge accumulation as a ‘trial-and-error’ process. Inspired by the research on regional innovation systems, the novel concept of NSE is in this study, by the author, conceptualized as *a systemic approach to the interaction of entrepreneurs, firms, support organizations and other bodies in an ecosystem, in which the entrepreneur is embedded and which affects opportunities and barriers for the new start-up.*

Theoretical Synthesis

There are different interpretations of what entrepreneurship is, but in this study, it is defined as *‘activities that aim and/or result in concrete new venture creation’* and entrepreneurship policy is defined as *‘entrepreneurship policy are actions that aim to foster and promote entrepreneurship’*. Policy measures can have varying effect on entrepreneurship, depending on a complex interplay between the dimensions of the entrepreneur, the enterprise and the environment. Policy measures can target any of these dimensions through micro policies or macro policies. Although macro policies have a significant impact on entrepreneurial activities indirectly by shaping the market that the entrepreneur acts in, the focus in this study will be on micro policies, i.e. policies that target entrepreneurs specifically and that regional governments often have a strong influence on.

It is generally accepted that policy measures can have a considerable impact on the level of entrepreneurship in a country and although there is considerable heterogeneity between regions and countries, six common determinants and policy areas have been identified: *Regulatory Framework, Market Conditions, Access to Finance, R&D & Technology, Entrepreneurial Capabilities and Culture*. This framework is practical in the sense that it highlights the range of policy options available for addressing different entrepreneurship issues, and can be further broken down in different policy areas. Another important policy focus that albeit can be included in Entrepreneurial Capabilities and Access to Finance, is *Networking Opportunities*.

These determinants however, rarely acknowledge that different policy activities are required for different phases of the entrepreneurial process. For this reason, Lundström and Stevenson’s (2007) segmentation between ‘entrepreneurship’ and ‘SME’ policy is used. While the

latter focuses on firms and primarily employs 'hard' support, such as financial aid, the former focuses on the individual entrepreneur and employs more 'soft' policy measures, such as counselling, networking and mentoring. Although there is no clear-cut line, entrepreneurship policy focuses on assisting individuals as they move through the earliest three stages of the entrepreneurial process, while SME policy focuses on supporting established firms that already have acquired some capacity. The segmentation is illustrated by positioning different activities on a time-scale for the entrepreneurial process.

Viewing the entrepreneurial support on a scale, allows a greater oversight of the systemic features of entrepreneurial support. However, a systemic approach is yet not common in entrepreneurship research. Although the application of a systemic view on regional contexts is a popular approach in e.g. innovation studies, the RIS approach tends to neglect the role of the entrepreneur as a proactive agent. The work of Acs et al (2014) recognizes the entrepreneur's central role in an eco-system that has an equally important role in nurturing new ventures. This system of entrepreneurship is interpreted as a systemic approach to explaining the interaction of entrepreneurs, firms, and support organizations in an eco-system with the aim of promoting entrepreneurial activities. A systemic approach would as argued, have considerable beneficial implications for entrepreneurship policy, however, it remains to be seen whether a system of entrepreneurship exists in the case in question.

Chapter III: Qualitative Data

Primary and secondary data sources are employed in this study. Firstly, secondary sources – i.e. data produced in another purpose than that of the study in question (Ghauri & Gronhaug, 2010) – were used to become more acquainted with the latest research in the field and to allow a better understanding of the context (Merriam, 2009), but furthermore is useful to avoid to repeat studies, and to identify research gaps. The secondary data used during the literature search, is represented by different kinds of academic publications, newspapers, online databases, official online webpages and other relevant published materials, from sources such as the OECD. The main advantage of using this type of data is its inexpensiveness and flexibility, although there is a weakness when it comes to biases and reliability. From the secondary data sources suitable variables were extracted, that would constitute the basis for the creation of appropriate themes for the second part of the study.

The collection of primary data is specific for the purpose of the study (Ghauri & Gronhaug, 2010) and this study employs two forms of primary data. First, information related to the earlier established themes for coding about the support actors in questions was extracted. The sources used for this part of the thesis include: *Skåne (2014)*, *Hallencreutz, Bjerkesjö & Daal (2009)*, *Region Skåne (2009)*, *Trippel, Mörner & Zukauskaitė (2014)*, *Skåne (2015a)* and *Skåne (2015e)*, as well as organization specific webpages that can be found in the reference list. In addition, expert interviews were conducted to add further primary data and contribute with context and depth to the study.

Chapter IV: Methodological Framework

The aim of this study is to deepen the understanding of the structure of the regional entrepreneurial system in Scania. Due to insufficient research on this topic, there are no pre-existing hypothesis to confirm, but rather, new will be developed in the attempt to offer a comprehensive overview of the issue together with tentative suggestions of causality. This study will have a qualitative, '*exploratory*' design – a form of study that is useful when the nature of the problem is not clarified in the beginning or when the field is not entirely established - thus the methodological aim is to investigate, test and establish the most suitable methods and applicable theoretical frameworks (Saunders, Lewis & Thornhill, 2007:133). The principal advantage of an exploratory design is the adaptability and flexibility it offers in the case of new, emerging facts (Adams & Schvaneveldt, 1991), as well as the possibility to successively narrow down relevant issues as the research progresses deeper into the topic – without omitting important facts beforehand, which might occur if the aim and structure are too rigid to start with. Finally, this study aims to offer some tentative explanations to the phenomenon of lack of growth in firms, which to a certain extent, indicates a causal angle. Usually a descriptive and/or exploratory study is conducted prior to the explanatory, to produce variables that the latter will use to base its conclusions on (Saunders, Lewis & Thornhill, 2007).

According to Bryman (2012) there are three primary methods for conducting exploratory research: literature search, expert and/or subject interviews and focus group interviews. This study will employ, first, a thorough literature search to establish a theoretical and empirical context, and a document analysis based on aforementioned theoretical literature framework. Finally, expert interviews are conducted based on the earlier document analysis to provide more in-depth understanding of the issue at hand.

Aim of interviews

The purpose of expert interviews is first, to receive a general idea on the context of the current innovation system and policy structure relating to entrepreneurship and SMEs beyond that offered in official policy documents, and secondly to provide more in-depth insight into matters of the purpose, aim and strategy of different policy instruments, as well as opinions on current trends and development as a 'result' of these policy instruments. I choose to go about this in a perhaps somewhat circumspect manner, in order to avoid asking direct questions of the 'why' and 'how' nature, that easily can take on the nature of leading questions, and hence, avoid skewed and biased answers as much as possible.

Sampling for Interviews

A clearly *purposive method* of sampling is applied, as described by Merriam (2009) and Saunders, Lewis and Thornhill (2007). This type of research can rarely employ probability sampling, but can select critical cases to further the development of concepts and explore relations between cases. Umbrella organizations in the region were selected for the interviews, both for analytical and relevance purposes. Since the interviews were only a support to complement the mapping of the regional entrepreneurship support bodies, their number was kept low, to allow for a more in-depth discussion with the selected ones. It was in advance not known exactly how many interviews would be necessary to support the first empirical part, as usually is the case in hermeneutics, but the number of interviews was determined by ‘empirical saturation’ i.e. when no new or relevant information beyond what is already established emerges (Corbin & Strauss, 2008), but also availability of the interviewees during this period.

The Interview Technique

Semi-structured interviews - that typically are recommended for exploratory studies - were employed to allow for greater flexibility and deeper insight in topics (Saunders, Lewis & Thornhill, 2007; Wisker, 2009). Using key themes, flexible and follow-up questions, the semi-structured interview allows the interviewer to adapt the interview according to its development, while having some structure for support (Merriam, 2009; Ghauri & Gronhaug, 2010). This technique allows the interview to be as ‘*non-directive*’ as possible (Seale, 2000) and ensures that the interviewees are not pushed into any desired answers that fit predetermined theoretical frameworks and allows the interviewer greater freedom in asking open questions. Prior to the interviews, a guide with themes was sent out to the interviewees, and during the interview, a similar version was used as support. Since the interviewees were native Swedish, the interview was conducted in Swedish, to ensure the interviewees felt at ease during the interview. Both interviews took place via telephone since this was the most convenient option for the interviewee (at 08:15, the 11th of May, and 09:00 the 15th of May). All quotes used in the report are thus only a translation cautiously done by the writer. The interviews were carefully transcribed during the conversation, and the transcripts were later sent out to the respective interviewees for approval before anything was written. Obtaining feedback from respondents before publishing the results is a matter of ensuring the validity of the study (Silverman, 2001), but also an ethical matter (Svensson & Starring, 1996). By correcting eventual mistakes after feedback, I could ensure that everything was correctly interpreted and thus avoid imposing any external bias on the answers.

Operationalization of document and interviews analysis

A ‘qualitative content analysis’ with focus on themes (i.e. thematic analysis) was applied to the data collected during the mapping of support organizations. The aim is to identify underlying key words and themes in the material and subsequently code it into categories to allow for an overview of how frequent specific themes occur as well as a comparison between them (Bryman, 2012; Kvale & Brickman, 2009). The key themes or codes extracted from the data were loosely categorized, to allow for refinement of these categorizations as well as the generation of new ones during the analysis process. By Altheide’s (1996) definition, this method is called ‘ethnographic content analysis’. *Basic grounded theory* was applied when analysing the qualitative data, using a form of ‘open coding’, where data was broken down, examined, compared, conceptualized and then categorized, thus yielding concepts that can be grouped to form categories. Coding is a useful tool for sorting, processing and organizing data to make it understood in the light of the research aim. By combining ‘open coding’ with a thematic analysis, a more interpretative and flexible approach was possible, where follow-up questions during interviews allows the identification of additional latent content, to better understand events and phenomena.

In practice, the operationalization of the analysis plan was as follows: based on the established theoretical framework, a coding schedule was created. It was kept flexible throughout the coding process to allow for generation/removal/transformation of codes. The information extracted during the mapping process was broken down in these codes and inserted in the schedule, thus allowing for examination and comparison. The themes were then used to discuss frequency and prevalence of different policy approaches and focuses in the region. The original themes extracted from the theoretical review and the new themes that emerged during the document analysis, were used as a base for structuring the interview guide. The material generated from interviews was in similar ways coded and analysed, in relation to the information from the mapping, thus providing a second perspective on the issue. It is important to note that a different outcome of the coding is possible, if a different theoretical framework was used. Keeping this in mind, the mapping results in this study are dependent on the theoretical tools employed.

Validity, Reliability and Generalizability

Usage of secondary sources of data, in this case predominantly official documents and reports published by national governments, regional councils and other actors of interest, increase the risk of bias as defined by Merriam (2009). In addition, information gathered from interviews is

naturally at much higher risk of bias, due to the sampling procedure which in this case is purposive sampling and which subsequently entails *'planned bias'*, but also due to interview technique and the interviewees themselves. The risk of bias stemming from primary and secondary sources was minimized and controlled for by using validity and reliability tests.

To produce a valid and reliable result, a study needs to take into consideration both internal and external validity, according to Yin (2009). The former depends on that the conclusion derived is correctly done so from the original premises, whereas external validity, ensures that the study has actually measured what it has set out to study, and that the results thus can be generalized (Merriam, 2009). One efficient method to control for validity in a qualitative study is *'triangulation'*, that ensures a holistic portrayal of a studied phenomenon, by applying several perspectives to the study (Svensson & Starring, 1996; Wisker, 2009). Triangulation was in this study applied to method and data: the data extracted from official governmental reports or reports by international organizations such as OECD, was triangulated with data from two other source, namely, regional innovation organizations' webpages and interviews, and method triangulation was conducted using a combination of literature search, document analysis and in-depth interviews.

An additional control measurement is the reliability of the study, i.e. the stability of the instruments and variables of measurement, in order to ensure that the outcome is not merely random or by chance. A reliable outcome implies that the same or similar outcome would be found if a similar study was conducted, using the variables and tools employed in the study (Ghuri & Gronhaug, 2010). Transparency and reliability is ensured by transcribing interviews, giving account for longer extracts of the results in the final report, including the questionnaire used during the interviews (Silverman, 2001) and using quotations (Oliver, 2011) and explaining the operationalization of the mode of document analysis applied.

Regardless of how strong validity and reliability a study offers, in the end - due to the choice of research design - the study's epistemological claims will nevertheless be limited to a certain extent. An inherent issue in qualitative studies is that the sample used is limited and it has been argued that qualitative, explorative studies cannot offer entirely generalizable accounts of a studied phenomenon. However, there is a method that allows for more extensive applicability of a qualitative, explorative study, than a generalization of the study itself would allow. Yin (2009) explains this approach as *'an analytical-theoretical generalization'*, where through transparent sampling technique the studied phenomenon is linked to a theoretical framework, which then is extended. In this thesis, a case-like study will be linked to a theoretical framework, which then will be extended, i.e. the theory itself is generalized. Finally, since this study will have a case-like nature

with the aim to offer answers to questions about the region in question and with the case of entrepreneurship and firm growth being very context-specific, the results will naturally be most relevant to the case in question, and might not only not be applicable but even not relevant to other regions.

Ethical Considerations

Ethical matters are taken in consideration to ensure validity. When it comes to collecting primary data, the results can be limited due to the researcher's ability to collect and interpret data, but also the high risk of subjectivity that exists. For instance, the risk of unethical procedure where the researcher consciously chooses between available data to present desired results (Kvale, 1997) and the issue of leading questions in qualitative interviews (although leading questions can at times be appropriate to use to confirm the reliability of interpretation of an answer, hence reducing the risk of misinterpretation) must be considered. The interpretation and coding of the material used during the document analysis is subject to risks of subjectivity as well. Naturally, some degree of subjectivity will be present in the interpretation and categorization of data due to human error; however, I tried to minimize this by using the triangulation method and running the codes through different sources as discussed and by strictly following the theoretical framework when breaking down information into codes and inserting it into the schedule.

By obtaining feedback from respondents before publishing the results, the correct interpretation of the answers is ensured, and the risk of the author imposing her own bias on the answers is limited. Most importantly, by confirming the answers via feedback, the author could ensure that no information is published that the interviewees wish to keep confidential. The interview transcripts are available at request, but not published due to wishes of confidentiality and the sensitivity of the topic.

Chapter V: The Regional Context

The region of Scania occupies a strategic location in Sweden, but also entire northern Europe as the gateway to and from the continent. Scania - operating in an economy focused on foreign trade - has made a considerable and constant contribution to Swedish growth and in the years leading up to the crisis (2000-2007) its share of the aggregate national GDP was 12% - only behind Stockholm and Västra Götaland. The region was however, particularly hit hard by the downturn in the economy, but has since then made a relatively strong recovery (OECD, 2012). The strong aggregate growth performance relative to other OECD regions, is however, masking several problems in the region, in particular, dilution at the per capita level. At an average of 2.46% over the decade before the crisis, per capita growth in Scania has not only lagged behind Stockholm and Västra Götaland, but also the national average. This sclerotic per capita growth largely originates in the substantial inward population flow to the region, which requires the region to generate a stronger aggregate growth than most regions, just to be able to keep the per capita growth positive. With an employment rate of 74% in 2010, Scania had amongst the highest unemployment shares of Swedish regions (OECD, 2012). On the positive side, the region's universities constitute a substantial share of the national graduate output (15%), which has resulted in a high share of tertiary-educated labour in the region. However, at the same time, the region exhibits a sizeable share of individuals with only primary level education (16% compared to 13% in Stockholm).

Scania is recognized as one of the most innovative regions in the OECD with an increasing shift towards knowledge intense industries such as capital services, financial intermediation, business and real estate (Trippel, Miörner & Zukauskaitė, 2014), and has high educational attainments and increasing share of high-skilled sectors. The OECD has classified it as a *'knowledge and technology hub'*, boosting highly developed innovation strategies, high R&D expenditure (almost 5% of GDP) – whereas the national average is 3,4% or the EU 28 average is 2% (Eurostat, 2014). The region was classified as an 'innovation leader' in the Regional Innovation Scoreboard (Trippel, Miörner & Zukauskaitė, 2014), scoring high especially on the indicators 'population with tertiary education, R&D expenditure in the business sector, SMEs innovation in-house and employment in knowledge intensive activities'. In other words, the innovation inputs in the region are substantial and the region is endowed with highly skilled workers. More recently, a 'smart specialization' strategy has been adopted to better spread the benefits of tangible innovation outputs, such as employment generation and enhanced growth (Trippel, Miörner & Zukauskaitė, 2014).

Entrepreneurial dynamism and new firm creation

The Swedish industry model is characterized by predominantly small and medium-sized enterprises, with the SME sector accounting for approximately 60% of total turnover, and employing 60% of the private sector workforce and just less than 40% of the total workforce (Stevenson & Lundström, 2001). Only 0,1% of all enterprises have 250 or more employees in Sweden and Scania. The vast majority of firms in Scania have zero employees (44%), followed by micro enterprises with 1-9 employees (48%), small enterprises with 10-49 employees (7%) and medium enterprises with 50-249 employees (1%) (Ekonomifakta, 2014a; Tillväxtverket, 2014). Newly created enterprises in Sweden are heavily concentrated in the agglomeration focal points: Scania accounts for 15% of all start-ups in the nation, and in 2013 this meant 9837 new start-ups. Although this is less than Stockholm (21 3330 in 2013), Scania is relatively more dependent on newly created enterprises, and their share (9%) in the total regional enterprises is amongst the highest in Sweden and a substantial proportion of all new enterprises are created by individuals with higher levels of educations (OECD, 2012; Region Skåne, 2014a). In the period of 1998-2009, new business creation increased by 100 % in Scania, compared to 75% in the country at average (Region Skåne, 2014a). The share of business owners in Scania is on par with the national average – 6.7% - whereas the number of new business per 1000 inhabitants is higher than the national average: 12.4% compared to 11.5% (Ekonomifakta, 2014b). A follow-up conducted on three year old companies, shows that the survival rate of firms in Scania is 68% - the same as the national average, yet behind several other regions (Tillväxtanalys & SCB, 2013).

Innovation capacity

Like most science and technology hubs, Scania is relatively dependent on a few, large companies for private R&D investments and activities. The majority of patents in Southern Sweden in electronic communications technology and medical science can be found within a few large companies. Value creation from innovation thus remains rather weak, and OECD (2012) stresses that despite the region's strong resource endowments, high investments in R&D, and specialization in knowledge-based industries, innovation does not seem to be a driving force for growth in the region. This 'innovation paradox' of strong resources for innovation but weak economic returns, has according to the OECD (2012) a threefold explanation:

- **Globalization of value chains:** with the internationalization of production functions of MNCs occurring more rapid than the internationalization of R&D functions, the return on private R&D investment are not easily retained within the region;

- **Deficient entrepreneurship:** only a limited number of firms exploit public R&D, and then mostly academic spin-offs, and there is untapped potential for entrepreneurs in certain demographic groups. Addressing this, would not only increase the number of companies but might bring in more diversity – a breeding ground for innovation;
- **Weak SME innovation:** the major part of innovation in the region is science- or technology-driven, and too few SMEs in traditional sectors innovate. Currently, the SMEs are not sufficiently open to external knowledge sources and also face additional innovation barriers that not necessarily are linked to technology.

Regional Governance

The Swedish governance system has traditionally been described as one of an hourglass shape, due to the fact that compared to municipal and national levels the regional governance level is relatively weak. At the regional level, each county has its own administrative board that represents the national government together with a separate county council that is directly elected by citizens – a regionalization process that aims to improve efficiency in the public service delivery (Moodysson & Zukauskaitė, 2012) – i.e. central governments are not the sole provider of territorial policy anymore. The regionalization effort aims to put territorial actors in the spotlight, by developing regional development strategies in collaboration with both public and private stakeholders, hence becoming active agents, with the responsibility to mobilize their own resources for regional growth (Gamper, 2012). The status of Scania as a region was institutionalized in 2010 and according to OECD (2012;33), the new governance structure has already had tangible impact on *“enhancing cross-sectoral co-operation, long-term strategic planning and increasing the flow of resources directed toward regional development”*.

Although the regional governance body - Region Skåne - is responsible for developing industries, communications and cooperation with other regions, its de facto power remains limited since it lacks autonomy over revenue but has very few own resources to manage public investment. The national government retains the dominant say in strategic planning and allocation of public investment, in fact, it is responsible for the allocation of almost 50% of all public investment (Gamper, 2012). Region Skåne also lacks legislative power, but has to ensure that the region’s activities coincide within the framework provided by central government (Moodysson & Zukauskaitė, 2012). Core infrastructure investments, both ‘hard’ (e.g. transport) and ‘soft’ (e.g. higher education), remain the responsibility of the central government. In practice, Region Skåne’s ability to undertake any larger initiatives is dependent on the availability of e.g. EU funds (OECD, 2012). Consequently, the networks created across levels of governance have

been crucial to leverage the allocation of funds to regional development. In practice, this has included establishing linkages with local municipalities, as well as with other key regional actors, such as the private sector and education institutions. Engaging its regional capital, the region has been able to lobby for its own agenda, both at national government level and at international level (vis-à-vis its Öresund neighbours and the EU) (Gamper, 2012).

One of the responsibilities of Region Skåne is regional development. This includes drawing up strategies for long-term sustainable development, the so called '*regional development program*', that designates the most important actions that need to be implemented to increase growth and employment, and achieve balance within the region. The responsibility of regional development also extends to implementing the EU's structural fund program in Scania, as well as developing the local business economy, infrastructure planning and environmental matters (Region Skåne, 2009). In addition, Region Skåne is working closely with individual municipalities to avoid specific projects being blocked on local level. The major part (93%) of Region Skåne's public expenditure goes to the health sector, while regional development received 1 % of the total regional budget in 2011 - Region Skåne contributed with SEK 140 million (OECD, 2012). This demonstrates that the region does not and cannot act as a big investor and highlights the importance of aligning regional, national and European priorities, with innovation in Scania mostly being funded by national and European funds.

Skåne: International Innovation Strategy 2012-2020

In 2012 an innovation strategy was drafted for the region (Region Skåne, 2012), where the overarching aim is to become '*Europe's most innovative region by 2020*'. Having recognized entrepreneurship as a driving force behind innovation, Region Skåne wants to stimulate entrepreneurship already in early education to increase curiosity, creativity and initiative taking. The sub-strategies for achieving this include: (i) developing the systemic leadership (making the entire system transparent and based on that, develop joint goals); (ii) Widening the perception of what innovation is (focus should not be limited to specific kinds of innovation or to certain industries); (iii) Make the support structure of innovation efficient. The last mentioned especially emphasizes the strengthening of the common whole, promoting transparency and visibility of all the resources - there being a potential to streamline and strengthen the role of the support structure. Management, monitoring and financing shall be developed, and there must be openness to question the value of old organizations and initiatives.

Chapter VI: Empirical Findings

National System and its Main Entities

The innovation system in Scania is part of a larger, national innovation system. The major part of R&D investment in Sweden is made by industry and originate predominantly from public financing. Swedish innovation policy has a tradition of focusing on a linear view of innovation - a strategy that has been criticized for paying too little attention to the role of end-users in the innovation process, and that too much emphasis is put on science (STI), rather than experience-based learning (DUI) as a source of innovation (Lundvall, 2008). Although recent efforts have been made to broaden the concept beyond that of R&D-driven innovation and entrepreneurship, the national innovation policy still reflects a focus on research commercialization and subsequent knowledge transfer, with a strong focus on HEI (Higher Education Institutions) and large corporations that have a considerable influence on the former.

The analysis in this study will focus on *support entities* in the eco-system, here defined as all public and private organizations located in Scania (i.e. firms, educational bodies, research organizations and technology transfer agencies). The central public authority for enterprise and regional development, Tillväxtverket, together with ALMI Företagspartner, form a national competence centre for fostering entrepreneurship and enterprise development, by providing business programs, information and advice services and by supporting various processes and programs to strengthen the business climate and regional development, but also work to promote structural change and internationalization of Swedish firms. ALMI delivers financial and advisory assistance programs for entrepreneurs and SMEs through regional offices (Stevenson & Lundström, 2001) and recently joined with Innovationsbron. This new body aims to improve accessibility and efficiency for entrepreneurs and businesses, to create growth and rejuvenation by offering support in all the phases of business, from early idea stage to growth (Almi Företagspartner, 2013).

Regional System in Scania

Scania has an “*organizationally thick and diversified regional innovation system [...] and a large number of supporting organizations*” (Trippel, Miörner & Zukauskaitė (2014;7). The key actor in the regional policy system is Region Skåne. The organization has a special department within Regional Development focusing on Entrepreneurship that - as an umbrella organization and a nexus of competences - aims to help people realize their ideas and start or develop a business. This is done by collaborating with national, regional and local players, developing and disseminating

knowledge and tools for improved entrepreneurship policy and finally, by promoting entrepreneurship in education through primary and secondary school, to universities and other HEI (Region Skåne, 2015b). In addition to Region Skåne, Teknopol and aforementioned ALMI+Innovationsbron are at the core of the intermediary network. Furthermore, there are several national agencies present in the region: Tillväxtverket, Svenskt Näringsliv, and VINNOVA - the most important technology transfer organ in the region, and part of the most prominent public-private research partnerships. In recent years, the region has seen an upswing in the number of intermediaries, each with their own structure and working methods. Between 2010 and 2013 the number of intermediaries in the region increased from 80 to 120 – i.e. a 50% increase according to Näringsliv (Nilsson, 2013). Despite the vast number of intermediaries in the region, they do not form a coherent network according to the OECD (2012) and a clarification of roles of the various actors to avoid overlapping is necessary. Daal et al. (2009) have identified the following characteristics:

- Individual intermediaries fail to identify the role of other organizations in the system;
- Intermediaries on the same market tend to compete, resulting in sub-optimal solutions and blurring of the picture for beneficiaries;
- Tools and important expertise in individual intermediaries are rarely shared in the system;
- Intermediaries almost exclusively work with their own resources and rarely refer clients to other members of the network;
- Intermediaries usually have too limited international connections;
- Feedback from beneficiaries is not shared across the network, resulting in lack of understanding of redundancies and gaps in the system;
- The methods for measuring and evaluating the efficiency of organizations are underdeveloped (Kalin, 2013).

Another major issue is that the majority of these actors are relatively small and in practice, under-financed (Daal et al. 2009). According to Kalin (2013) the organizations are today spending too much time on trying to attract funds instead of focusing on actually helping entrepreneurs and many of the support organizations are financed on project basis. This phenomenon is confirmed by Nilsson (2015, pers. Comm. 11th May) who explains how these organizations often are financed externally on a short-term basis, with different organizations applying for the same funds but for different projects. The main problem this causes is the difficulty of maintaining a long-term perspective but also in actors at times doing similar or the same things. Daal (2015, pers. Comm. 15th May) explains how Region Skåne is making a conscience effort to get away

from project financing by e.g. encouraging incubation, but also points to the importance of greater insight and control into what organization actually do with the funding they receive.

Entrepreneurship Support Organizations and Entities in Scania

The collected empirical data on the support organizations in the region has been subject to a conceptual, open coding (the full coding schedule is found in the Appendix), where the main characteristics and activities of the organizations are coded based on the previously established theoretical framework. Data on the geographical reach and the focus of activities allowed for a distinction between different spatial levels and the industry focus and additional data collected during interviews is included as a complement to provide context.

Systemic features

The mapping process identified 100 of the most important and prominent support organizations and actors in Scania that either exclusively are dedicated to fostering entrepreneurship in the region and/or has some activities dedicated to entrepreneurship. The entities referred to in this study include formal organizations and projects (long-term and shorter-term). The latter were included since their number is too large to ignore, but care was taken to avoid double-counting between organizations and their 'subsidiaries' and vice versa. What is evident is that there is a wide range of subsidiaries headed by larger organizations, such as ALMI+Innovationsbron, but also Region Skåne that is responsible for nine subsidiaries (through funding, operating or supervising). Lund University is related to 10 subsidiaries, and the other HEI (Malmö College, Högskolan i Kristianstad and SLU) have a few subsidiaries as well. It is however, not always a clear-cut linkage between the organizations, since some, e.g. Malmö Innovation Platform is a collaborative incubator with nine other organizations behind it. For local organizations, the case is often that besides e.g. Region Skåne and/or Tillväxtverket, also the local municipality and/or the city is actively involved.

An important feature in the region are ***Innovation Arenas or clusters*** - i.e. organized networks of companies that operate at different stages but within the same field (e.g. clean tech, ICT, food and life sciences) whose primary purpose is to support the development of new products and services and create sustainable growth in the region. They often include HEI and other public-sector actors, small start-ups and large international firms that join to gear up their business, find new partners or new markets. The most prominent ones are Sustainable Business Hub, Media Evolution, Medical Valley Alliance, Mobile Heights, and Skånes Livsmedelsakademi. Another related feature are the ***Business Parks***, that offer more tangible support, in the form of physical locations where an entrepreneur or business owner can rent office space and gain access

to support services, such as counselling. The largest Business Park is Ideon Science Park, currently with more than 500 companies in ICT, biotech and other related fields. Other important ones are Krinova Science Park, Medeon, Medicon Village and Media Evolution City.

Spatial Level

The majority (78%) of support organizations have a regional focus as shown in Figure 3, with the primary aim to provide support to entrepreneurs within the region. Out of these 18 have an explicit local focus or are the local subsidiaries of larger national organizations, such as Nyföretagarcentrum, but the local entities are usually very small and have limited resources.

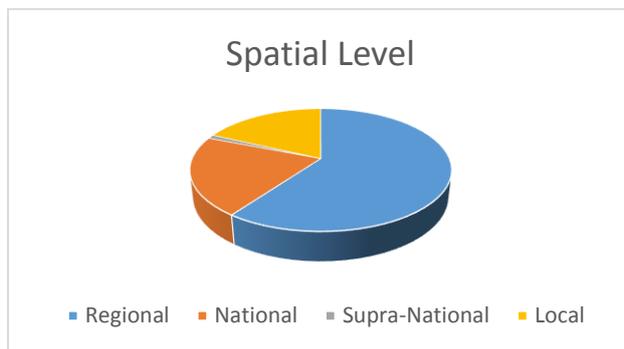


Figure 3 Spatial Level division of support organizations (results from open coding)

A few regional subsidiaries of national umbrella organizations that offer similar services all over Sweden, and one EU funded project can be found in the region as well. However, according to Daal (2015, pers. Comm. 15th May) the share of local organizations is in practice larger, though it might depend on how the categorization was made, e.g. the categorization of university organizations as regional, can be discussed, since with different thumb rules, it can be coded as local as well as national considering its wide influence. In this study, an organization was coded as 'local' only when it was explicit that its operations were limited to a local area. However, Daal (2015, pers. Comm. 15th May) adds that it is at times difficult to distinguish from which of the three levels support is coming – especially for the beneficiaries.

HEI Relation

A large share (29%) of the organizations are exclusively targeting students, researchers or faculty staff, or focusing on academia-industry networks. The category 'Both' indicates that the organization at times works together with HEI but not exclusively (12%). 'General' includes organizations that are not related to HEI but focus on entrepreneurship and innovation in general (59%). The majority of HEI related organizations are in some way connected to Lund University, although Malmö University College and SLU have several linkages as well.

Industry Orientation

Approximately a third (36%) of organizations is either sector specific or specialized in some narrowly defined thematic area such as social innovation. Some of the organizations were solely focusing on one sector, such as food, whereas others had a broader approach covering related sectors, such as life sciences, biotech and environment. Thus, there are some overlaps in the calculations (see Table 1), since one organization could be found in more than one sector. A close look reveals support in the following sector: food, agriculture, clean tech, environment, sustainability, ICT/mobile technologies, life sciences/pharmaceutical/biotechnology and related medical technology, and media. The distribution of sectorial support mirrors the clusters in the regional economy, with clean technology, life sciences, food/agriculture, media and ICT/mobile technology being targeted by the largest number of support organizations. Nilsson (2015, pers. Comm. 11th May) explains that the promotion of clusters occurs because there is talent for those industries and the region simply wants to build on that. However, the support of fields such as social innovation and creative media, are according to Daal (2015, pers. Comm. 15th May) attempts by Region Skåne to broaden the concept of innovation beyond that of research, by providing clusters and incubators with funds to invest in e.g. open innovation. The majority of organizations (64%) are however, not directly related to any sector but offer support regardless of industry relation.

Industry and field	Number
Food/Agriculture	11
CleanTech/Sustainability/Environment	9
Life Science/Biotech/Medical Tech.	7
Media	4
ICT/Mobile Technologies	3
Social Innovation	3
Other (incl. health care, high tech etc.)	5
None	64

Table 1 Industry and field division of support organizations (results from open coding), where each number represents one organizations active within this field. Due to double-focus in some organizations, some organizations are counted twice

Policy Focus and Activities

The majority of organizations have either a single or a double focus for their support activities, while a small number spread their support more widely. Consequently, Table 2 will add up to more than 100, since one organization could be offering more than one kind of support and therefore, is counted more than once. The most common form of entrepreneurial support is the

provision of information, counselling, and to some extent, training, in other words, efforts to improve the *Entrepreneurial Capabilities and Skills* (83%). Under this umbrella theme, another important and common entrepreneurial support falls, i.e. *incubation* opportunities (16%) - to mention a few, Venture Lab, Medeon's Incubator, Drivhuset Malmö, Coompanion, BoostHBG and Think Helsingborg. This form of *infrastructural support* provides physical space and so called 'business hotels' where entrepreneurs and new start-ups are provided free or at a low fee, office space, internet service, access to conference rooms and other 'hard' infrastructural entrepreneurial support. The incubators are usually located within or collaborate with other organizations that are providing more 'soft' support, such as financial advice, business counselling and networking opportunities and events. These events can be both general and target very specific subjects, e.g. within a special field or sector. Although networking technically is included under 'Entrepreneurial Capabilities' – support for networking was also measured separately. To offer *Networking* opportunities was the second most common activity focus (55%), and overarches several other support forms, e.g. entrepreneurial capabilities (such as information and business partners networks), access to finance (such as networks of business angels) and technology transfer.

Activity Focus	Number of organizations	%
Regulatory Framework	1	1%
Market Conditions	6	6%
Access to Finance	22	22%
R&D and Technology	28	28%
Entrepreneurial Capabilities	83	83%
Culture	11	11%
Network	55	53%
Incubation	16	16%
Total nr of organizations	100	

Table 2 Activity focus of support organizations (result of open coding), where a number represents one organizations with this focus.

Support of *R&D & Technology transfer* is the third most common form of support (28%), and includes activities such as direct support of R&D by facilitating research in Innovation Arenas and Business Parks or by promoting university-industry linkages, either by tying businesses to research projects at HEI or by offering students opportunities to interact with industry organizations. The fourth most common form of support is *Access to Finance*,

with 22 organizations offering entrepreneurial support by either providing seed or venture capital, other forms of early funding or access to networks of business angel and risk capitalists.

Less common channels for entrepreneurial support are **Regulatory Framework** and **Market Conditions**, with only one and six organizations focusing on this respectively. The few organizations targeting Market Conditions do this by e.g. improving access to foreign markets but also by efforts to make the local market conditions more favourable for small businesses. Slightly more organizations (11 in total) were directing their efforts on the entrepreneurial **Culture** in the region, mostly by inspiring young people and students to become entrepreneurs. In practice, this includes efforts in high schools to promote an entrepreneurial approach in the education and networks connecting students to the business world, and other general measures to promote the notion of entrepreneurship in the region. Although it might appear as if many organizations are offering the same support, Daal (2015, pers. Comm. 15th May) explains how the support organizations often differ in context and geographical reach, i.e. even if they offer similar kinds of support - it might not be targeting the same entrepreneurs, the same industry or geographical area.

Entrepreneurship Development Phases

A brief overview of the phase focuses of the support actors is given in Table 3. It is not always simple to identify specific phase-focus in all organizations and not all actors were limited to one phase but had a more wide-ranging reach. The most common focus amongst actors was support immediately prior to starting a company, to the actual start-up (28%), followed by offering support to entrepreneurs who already had a company but needed to maintain it and/or wanted to grow it (17%). A large share (18%) of actors had a General approach, limiting neither their resources nor activities to a single phase. In fact, eight out of these 18 'General' actors were national organizations, whereas the remainder were clusters, innovation arenas or municipal initiatives to promote entrepreneurship and business. Very few actors were active in the 'awareness' phase - only three if counting with overlapping to other phases - with the majority of organizations focusing on phases around the time before the entrepreneur launches a start-up. This is however, according to Nilsson (2015, pers. Comm. 11th May) a natural funnel process, with many organizations focusing on the first two years, whereas when the companies grow, the support decreases. Also, when an entrepreneur gets in contact with one organization, he often stays and cooperates with several organizations, which makes simple statistics difficult to put together, but also the fact that many organizations promote themselves as offering support

throughout all phases to all entrepreneurs, when they in fact often are limited geographically or to a certain phase, contributes to this.

Time period focus	Number of organizations	%
Awareness - pre-start-up	1	1%
Awareness - start-up	3	2%
Pre-start up	10	10%
Pre-start up – start-up	27	28%
Start-up - early post start-up	15	15%
Early post start-up	3	3%
Early post start-up - Maintenance, growth	6	6%
Maintenance and growth	17	17%
General	18	18%
Total nr of organizations	100	

Table 3 Support organizations focus on Entrepreneurial Process Phases (results from open coding), where one number represents one organizations active within the particular phase

However, it is important to note that the segmentation in Table 3 only looking at the number and percentage share of organizations and not the actual size of resources invested in each phase. Many of the support organizations in the earlier phases have smaller resources according to Daal (2015, pers. Comm. 15th May) whereas the few support organizations in the later phases often are larger. Also, the support aim is differing considerably between spatial levels. Although Region Skåne according to Daal (2015, pers. Comm. 15th May) recognized the imbalance in the system already in 2009 and are focusing more on the later growth phases with cluster initiatives, IUC and export efforts, the national support still often goes to earlier phases (e.g. via universities) as does the local support.

Coherence and Collaboration

Region Skåne is making considerable efforts to increase the coherence in the system according to Daal (2015, pers. Comm. 15th May). It is important to speak with a common voice, to have clear leadership and have the same end-goal in mind. This is put in practice by the creation of the ***Sounding Board for Innovation in Skåne (SIS)*** that engages different regional stakeholders and industry representatives, including innovation support organizations and representatives of the cluster organizations in the regions, the science parks and incubators, the universities, municipalities and Region Skåne (Skåne, 2015d). The aim is to offer a meeting place for actors in

the innovation system and to facilitate coherence and collaboration between the various support organizations. SIS however, does not have any decision-making power.

A significant new initiative is ‘SME-Tillväxtfasgruppen’ - founded by Region Skåne in 2013 - that gathers support organizations in the region that aim at the growth phase (including ALMI Skåne, IUC Skåne, Connect Skåne Business Accelerator, Tillväxt Malmö, Invest in Skåne, Business Sweden Skåne, as well as the clusters Packbridge, Media Evolution, Mobile Heights, Resilient Regions Association, Skånes Livsmedelsakademi and Sustainable Business Hub) (Kalin, 2013). The group is still at an infancy stage with the primary goal to establish a joint impression of what the different organizations are doing, with the long-term goal to ensure clearly marketed support is offered to SMEs in the region (Nilsson, 2013); e.g. the group has hosted a workshop to develop an application for structural funds (Region Skåne, 2014b).

Another initiative by Region Skåne, is the new online tool ‘Starta-Driva-Utveckla’ that provides an overview of circa 70 support organizations, simplifying the information search for entrepreneurs and business owners in matters of business development, finance and idea generation (Skåne, 2015e). A yet newer online tool, ‘innovationssystem.skane.com’, gathers circa 80 publicly funded actors in the regional innovation system (Skåne, 2015a). This tool is very similar to ‘Starta-Driva-Utveckla’ except here one can sort the actors based on phase focus, industry and their umbrella organization. According to Nilsson (2015, pers. Comm. 11th May), Region Skåne and SIS will continue developing these tools, and there is an idea to extend it beyond regional level.

Region Skåne aims to develop an efficient support structure should not be interpreted as ‘downsizing’ the system, but Daal (2015, pers. Comm. 15th May) argues that it is more important to have a clear view of the actors and what they are doing. Both Daal (2015, pers. Comm. 15th May) and Nilsson (2015, pers. Comm. 11th May) emphasize that one of the imminent challenges is to ensure that actors clearly state what their focus area to reduce confusion and increase interaction and cooperation. The system must be working overall, but also be flexible, since different support structures are needed for different industries. Although attempts to increase coordination and collaboration between actors in the region are taking place, Nilsson (2015, pers. Comm. 11th May) emphasizes that it is only actors within that use the system-terminology, while ‘outsiders’ rarely see a system and that it must be put in a context. Nilsson (2015, pers. Comm. 11th May) points out that only 7-10% of all new start-ups actually come in contact with the support organizations, and one must be realistic about how many entrepreneurs use or are helped by the system.

Chapter VII: Discussion

In the light of the theoretical framework established earlier in this report and on which the support organizations were mapped and the interviews conducted, the following chapter will analyse the Regional System of Entrepreneurship of Scania and its characteristics. Focus will be on its spatial diffusion, industry concentration, HEI relation and different policy focuses, as well as its spread over the various phases in the business life of an entrepreneur.

Regional Context and Systemic Features

An entrepreneur in Scania has many opportunities to benefit from interacting with others and by participating in various networks. For instance, there are several open innovation arenas (or clusters) where entrepreneurs can find other companies within their field of work, but also physical business parks where companies and entrepreneurs are brought together, to take advantage of shared functions, network and exchange skills and knowledge. These open innovation arenas and business parks constitute some of the most prominent systemic features of the region. Another is incubators, which are either part of aforementioned arenas or parks, or independent.

The vast majority of support organizations are operating at a regional level, and a smaller number are explicitly local (although, the precise categorization of these two levels is open for discussion, depending on which rule of thumb is applied). The organizations that were primarily national have a more 'General' approach to the support, i.e. generically supporting and promoting all sorts of activities, not being limited to process phases, target groups, sectors or industries. Such generic support is at times criticized for thinly spreading resources that would be better used by focusing them on entrepreneurs that actually want to grow. However, at a national level, it is difficult to make more specific policies and activities. These national organizations and their macro policies are however, important since they establish the wider framework of the system that the regional and local actors work in. The regional and local support organizations on the other hand, mostly narrow their support focus to business phases, industry or target group. To tailor support for the region's entrepreneurs, it is naturally most appropriate to work closely with them on a local or regional level. The local and regional alternatives – although at times being small with limited resources - are more specialized to suit the local conditions and needs entrepreneurs and companies can face in different municipalities.

The traditional Swedish focus on a linear, STI view on innovation has been criticized for being too exclusive and for neglecting the role of the end-users in the innovation process. Many key components of the national innovation and entrepreneurship policy still reflect a focus on

research commercialisation and subsequent knowledge transfer. Considering that a substantial share of new enterprises in Scania are academic spin-offs, it is not surprising that close to 40 % of all support entities are directly or indirectly related to HEI. However, the major part of new innovative firms does not necessarily stem from academia, and a too narrow emphasis on academic spinoffs will naturally face the risk of neglecting other types of start-ups. Region Skåne is making efforts here – e.g. with the International Innovation strategy – to broaden the concept of innovation beyond that of R&D-driven and academic research-commercialization.

Another expected result regards the industry orientation. Considering that open innovation arenas, business parks and specific sectors, such as Life Science, Clean Tech and Food and Agriculture, constitute such a large part of the regional system, it is not unwarranted that specific industries should be of the special interest to policy makers. Although the industry specific organizations vary greatly between industries and fields in their focus, it is probable that some sectors are not represented, and although there are general support organizations, these cannot always properly replace the support a sector-specific organization would offer - consequently, sectors with specific support organizations undoubtedly have an advantage. However, 'only' 35% of all support entities are industry related, meaning that the majority of support is not limited to a sector. The relatively low share of industry specific support, confirms that entrepreneurship is not limited to a specific industry but that the concept of entrepreneurship – just as innovation – must be broadened, as already has been understood by Region Skåne in their International Innovation Strategy.

Determinants of Entrepreneurship and Policy Focuses

Previous research has specified six main determinants of entrepreneurship that this study has applied as policy focuses: (1) Regulatory Framework, (2) Market Conditions, (3) Access to Finance, (4) R&D and Technology, (5) Entrepreneurial Capabilities, and (6) Culture. A seventh policy focus was added to this framework, namely (7) Network, since it is a common measure to implement within entrepreneurship and innovation policy and since it was a re-occurring tool for the identified support entities. Actors in the regional but in particular on the local level, often have a single focus for their activities – as can be expected, considering their small size and limited financial resources. A more specific focus allows for specialization and more direct support. Compared to generic support, aiming for certain policy areas or certain types of entrepreneurs is not necessarily discriminatory (since there are other organizations to cover other areas) but more efficient, since resources are not spent on areas where the actor has little or no expertise and instead of spreading the support thin, more qualitative, in-depth support can be

offered. Although it might appear as if many offer the same type of support, it is important to keep in mind that the same support type can be aiming at different entrepreneurs, in different geographical areas and in different contexts.

The areas of *'Regulatory Framework'* and *'Market Conditions'* are rarely the focus of the organizations in question, which can be explained by the hour-glass shaped governance system in Sweden. These two areas include measures such as bankruptcy regulations, legal frameworks, taxation and public procurement, i.e. areas the regional government rarely has the mandate to change. Measures within these categories are also not limited to entrepreneurs, but usually generic and applicable to all actors in the market. To implement measures within *'Culture'* is a complex issue, since it usually will overlap with other policy fields, such as education, immigration and integration, and these activities are difficult to measure, since their result might only show after a few years by e.g. the number of entrepreneurs in the market. Promoting an entrepreneurial culture was one of the main strategies in the *'International Innovation strategy'* and can be seen in practise as well. There is a very strong presence of entrepreneurial promotion in Scania, reaching back to primary education. Although this determinant is less measureable in the short-term, it is crucial for future entrepreneurial activity, since it will affect how desirable and feasible the entrepreneurship option is perceived.

The determinants *'Access to Finance'*, *'R&D and Technology'* and *'Entrepreneurial Capabilities'* are the most common and also the easiest to measure and evaluate, both on a short-term and long-term basis. The most common R&D and Technology measure is the promotion of university-industry linkages, i.e. to encourage students and researchers to commercialize their ideas. The most common activity focus overall is Entrepreneurial Capabilities, and involves everything from 'hard' support with entrepreneurial infrastructure (e.g. incubation), to 'soft' support such as counselling, financial advice, and networking. Networking is in fact the second most common activity focus, including information and business networks, but also financial networks, with more than half of all actors offering forums, platforms, venues and events for networking. Networking is however, crucial for knowledge transfer, especially for new entrepreneurs that might not have much experience from the market. Using the network, not only can they meet valuable business partners, but also learn about the market, thus becoming better at managing barriers and other issues. To conclude, there is a wide range of support available to entrepreneurs in the region, covering all important policy areas.

Segmentation of Entrepreneurship policy: the entrepreneurial process

The region has a well-developed support structure of organizations for the development of business ideas and innovations, reaching back to the conceptual stage through market launch and onwards. A segmentation between policies and activities that aim at the early phases of the entrepreneurial process (i.e. entrepreneurship policies) and those that aim at the post start-up phase of the process (i.e. SME policies) is very practical but also important, since entrepreneurs will need different types of support. Depending on which phase they are in, entrepreneurs will face different challenges and the policy needs to address different issues. Policy aiming at the earlier phases of the process, promotes entrepreneurship as a feasible and desirable option and supports nascent entrepreneurs to start firms, reduces administrative, regulatory and legislative barriers, but also provides various kinds of soft support. In the later phases, the primary aim of support is to help new businesses overcome the disadvantage of their ‘smallness’ and ‘resource poverty’ and to improve their competitiveness, by ensuring there is no anti-competitive behaviour by larger firms and that SMEs that desire to grow, are given the opportunity.

The organizations’ place on the map is according to their activity focus based on the aforementioned segmentation: either promoting entrepreneurship during the ‘Awareness’ phase, or supporting entrepreneurs during the ‘Pre-start-up’ phase, the ‘Start-up’ phase or the ‘Early post-start-up’ phase or supporting newly created firms in the ‘Maintenance and expansion’ phase. As is illustrated by Figure 4, there is a predominance of organizations that focus on the earlier phases of the process, i.e. awareness up to early post-start-up phase, which usually covers the first 48 months of a new business’s life-span - this is confirmed by both Nilsson (2015, pers. Comm. 11th May) and Daal (2015, pers. Comm. 15th May).

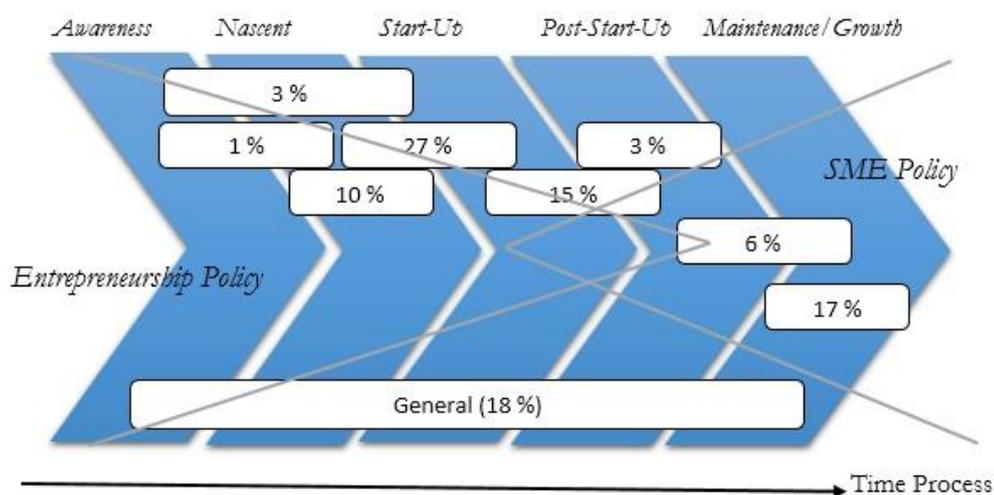


Figure 4 Entrepreneurship Support Map: spread of support organizations on entrepreneurial process phases

The substantial part of these early-phase organizations have their origin in the higher education sector, and most focus on the research-driven businesses. Very few organizations focus on the *Awareness* phase, whereas the *Nascent* phase - either exclusively or in combination with other phases - is the target of 41% of support organizations. Although there is no clear-cut line where one policy area ends and another begins, a simple comparison between entrepreneurship and SME policy is offered. The overlap occurs in the *Start-up* to *Post-start-up* phase, where individuals transition from being entrepreneurs to actual business owners. Roughly calculated, 23% of support organizations focus solely on SMEs in the *Post-start-up* and *Maintenance & Growth* phase. Arguably, these offer more specialized and customized support to entrepreneurs in this phase since they are focusing their resources on being experts in that area, whereas *General* support on the other hand, cannot be as in-depth or tailor-made, but is instead spread thin across all phases – although it does extend into the later phases as well.

Regional Entrepreneurship System

Considering the substantial number of support organizations in the region, it is evident entrepreneurship is recognized as a crucial factor for economic growth, facilitation of technology transfer and innovation - as confirmed by Region Skåne's strong emphasis on entrepreneurship in the International Innovation Strategy. For entrepreneurial activity to function efficiently in a system, though, three conditions must be met. Although originally presented from the perspective of the entrepreneur, from the perspective of the support organizations, the three conditions presented by Acs et al (2014) can be re-conceptualized as follows:

- a) entrepreneurial activity is promoted as feasible and desirable option;
- b) entrepreneurs are given the tools and means necessary to start a new firm;
- c) entrepreneurs are supported so their firms can realize their fullest potential, by endowing entrepreneurs with e.g. various form of post-start-up support that also will level the playing field for small firms against large corporations.

These three conditions can be analysed with the help of the mapping model of the entrepreneurial process as well as the previously discussed determinants of entrepreneurship. Several organizations are promoting the culture and awareness of entrepreneurship – in line with the underlying Innovation Strategy of Region Skåne and condition (a) is thus well covered. High shares of support for accessing early stage finance, R&D and knowledge transfer, counselling and networking are available and the share of support organizations located in the *Nascent*, *Start-up* and *Post-start-up* phase indicates that considerable effort is put on giving entrepreneurs the tools and means necessary to start their business, i.e. condition (b) is as well fulfilled. The

support activities typical for the later stage phases of the entrepreneurial phases are less common and the share of actors solely focusing on later stage support is small. Consequently, the third condition (c) is less well fulfilled, which can be interpreted as that *the resource allocation of the potential system is not ultimate, but lacking in this particular aspect*. Why this is the case, might be traced back to the policy level and the overall structure of the system.

The impression of the system's structure, derived from the data presented in this study, is that the main concern is not insufficient support organizations, but rather the lack of a uniform picture. The terminology can at times be confusing and actors are not always clear about what their focus is. Many actors offer what appears to be the same service of consultation, networking with other companies or access to investors. This could result in either of two scenarios: either collaboration or competition between the support organizations. Since the major part of organizations are project funded, the risk of short-term perspectives and competition exists, and might cause sub-optimal solutions for the entrepreneurs in questions. More collaboration would increase transparency and allow more efficient usage of the region's resources, thus both reducing unintended competition and making it easier for the beneficiaries to make efficient use of the support available. However, it is important to note that some degree of competition can be healthy to push organizations to their best. Attempts to systemize and clarify the structure of the support system in the region have taken place, mainly by trying to *streamline information* and creating *umbrella organizations*. At the centre of the regional system, one main umbrella organization is found, that coordinates support activities across different spatial levels, public and private sector, business and academia; that is, Region Skåne. This regional governance body implemented additional efforts to gather different actors under one strategy and to coordinate activities in the region – with the SIS – and has initiated another, 'subsidiary' umbrella organization - the SME-Tillväxtfasgruppen - that is still in its infancy stage, in the attempt to create coherence and unity. Streamlining information has been an important task, and two online tools are available that provide an overview of the support organizations at the moment, and although this might seem trivial, it is an important issue that needs continued attention.

Consequently, although the entrepreneurship support structure is organizationally thick and diversified with a large number of supporting organizations, these organizations are not always clear in their strategies and tend to overlap with each other. Although Region Skåne is making efforts to systemize the structure of the 'system', it is still only viewed as a system from the inside, and due to the overlaps between the entrepreneurship, innovation and SME policies, it is too early to claim that the entrepreneurship support organizations constitute a coherent system.

Chapter VIII: Conclusion

The aim of this study was to gain a deeper understanding of the regional entrepreneurship system in Scania and analyse what potential policy implications applying a systemic perspective on entrepreneurship would entail. In order to do this, first *the relationship between the systemic characteristics of the regional entrepreneurship system in Scania and development of entrepreneurship and start-ups in the region* will be established.

Entrepreneurship is as a crucial factor for economic growth, facilitation of technology transfer and innovation. Region Skåne is already a frontrunner in building a regional innovation policy, however, the region's goal to become the most innovative region in Europe will depend on the development of the entrepreneurship sphere. Fundamental for this is the recognition of the entrepreneur's central role in an eco-system in which the former is embedded and that greatly influences the performance of the entrepreneur. Region Skåne has already acknowledged this – as is evident by the strong emphasis on promotion of entrepreneurship in the International Innovation Strategy. Overall, the region has a support structure for entrepreneurship that is both rich in width and depth. The region has several important systemic features, including the presence of HEI, but also industry related structures, such as the considerable number of open innovation arenas or clusters - that are a very efficient way of working with long-term infrastructure for innovation and systems – but also business parks and incubators. The distribution of industry specific support mirrors the clusters in the regional economy, and the HEI support organizations mirror the large share of academic-spinoffs in the region. The relatively low share of HEI related and industry specific organizations, and the increased attention paid to non-HEI sectors and new industries, goes in line with the International Innovation Strategy's goal to broaden the concept of innovation beyond that of R&D driven and academic-related.

The support organizations in the region are largely specialized in similar policy areas, or determinants of entrepreneurship, and are mostly in line with the Swedish hour-glass governance model. Although it might appear as if too many organizations are focusing on the same support, the case is that Entrepreneurial Capabilities is a highly heterogeneous category that covers a broad spectrum of both hard and soft support tools, and where the entrepreneurs' personal capabilities will determine what kind of support he seeks. Many support organizations that on the outset appear to offer similar solutions, are in fact offering tailored support for a specific municipality, industry, demographic group or business phase. However, organizations that focus on the same policy area but with similar or different project, still often compete for financing.

This is another common feature, i.e. the project-nature of financing organizations, which is a major challenge, since project financing makes long-term planning more difficult. This also creates unintended and unnecessary fragmentation and competition between the intermediaries that neither they nor the entrepreneurs will benefit from. Region Skåne is trying to remedy this short-term perspective, by e.g. emphasizing clusters.

The entrepreneurship support in Scania is concentrated to the initial-pre-start-up and start-up phases, while the establishment and subsequent growth of the business is less supported (although it is important to keep in mind, that the division might be slightly skewed, since the size and resource capacity of organizations was not taken into consideration). Although it is a combination of economic, cultural, social and political factors that determines the entrepreneurial performance in a region, it is generally accepted that policy measures can have a considerable impact on the level of entrepreneurship in a region, and the support organizations in the regional system are an important intermediate tool for policies' effect on entrepreneurship. The performance results for the earlier phases – having one Sweden's highest start-up rates – are more impressive in Scania than later stage measurements – showing comparatively low growth in new start-ups. Keeping in mind the considerable effect policy and support can have on entrepreneurship, it might not be a coincidence that the gap in the support system – i.e. post-start-up phases – coincides with the same area in the region that is performing less well. Although Region Skåne appears to have come to the similar conclusion, the remedies implemented – although these will be crucial in order to take advantage of new firm creation dynamism - are too recent to have had any considerable effect at the time of this study. It would seem however, that this is a national phenomenon. The majority of national organizations present in the region focus their support on the early stage phases, and it is mainly the regional governance body that is trying to shift some of the support to the growth and expansion phases. We will now revisit the study's research question:

What are the main regional policy implications of applying a systemic perspective to entrepreneurship?

By applying a systemic approach to the entrepreneurship support organizations, a comprehensive overview of the overlaps and gaps in the structure is established, and it allows a better understanding of the interaction and 'map' of entrepreneurship policy, its practical manifestation and outcomes. It reinstates the fact that the main systemic characteristics of the entrepreneurship support in the region, coincides with the development of entrepreneurship in the region. The major share of support organizations in Scania is located on the three first phases of the entrepreneurial process, whereas the final two phases have fewer organizations. In order

to have an efficient entrepreneurial system, the *promotion of entrepreneurship, enabling start-ups and supporting growth* all must be present, which is not the case in Scania. The risks exist that if entrepreneurs do not receive needed support to grow this will hamper growth. The growth phase poses specific needs that cannot be adequately met by general support organizations and as long as the later phases are not satisfactorily filled, the overall entrepreneurship system is not efficient.

Why this is the case, might have to do with the lack of a clear overview of the 'system'. Although the region has a strong start-up scene and Region Skåne is trying to systemize the structure of a 'system' – of which some features already are clear, such as the clusters - there is no formal system of entrepreneurship yet. Instead, the existing organizations are often included either in the regional innovation system and/or amongst SME policies. An increasing awareness of the importance of actually emphasizing entrepreneurship for its own sake is identified in Scania, and hopefully, will in the future break the trend of lumping entrepreneurship policy together with policies of innovation and/or general SMEs. A crucial advantage of applying a systemic approach is that the usage of joint resources would become more efficient. An issue currently is that very little exchange is taking place between the organizations. The identified gap in the system might be covered with the help of feedback from beneficiaries, tools and resources that already exist in the 'system' but are currently not being shared. The issue is not the lack of enough instruments and resources in the region, but that they are not properly shared and that their focus could be extended further towards supporting growth after creation. For instance, new functions promoting growth could be allocated to existing intermediaries, and growth parameters could be included in an evaluation system but also as a criterion for future funding.

These are the main challenges facing Region Skåne. As the main umbrella organization in the region, it must continue to support and efficiently coordinate, without ruling too rigidly. It must increase the support organizations' perception about their own place and each other, and improve the infrastructure for sharing existing knowledge, tools and feedback. There must however, be an incentive to collaborate, and the existing organizations, programs and projects must be evaluated and their efficiency measured. Equally, the rationale for specializing in certain sectors, HEI related industries or certain business phases, as well as the long-term effects of such strategic decisions must continuously be evaluated, to ensure that only relevant and useful actors are active. The system should be demand-based, and this would implicate an explicit willingness to modify or terminate initiatives that have run their course or are not performing well, even if they target important parts of the regional economy. A drastic cut-down in the quantity of actors would not necessarily improve things, but the large quantity of entrepreneurship support organizations in the region might be necessary due to the internally heterogeneous environment

in the region and frequently launched, small projects and programs create dynamism in the system, with people moving between them and facilitating knowledge transfer.

To conclude, applying a systemic perspective on entrepreneurship would be useful as a foundation for policy design, formulating policy frameworks and implementation functions to better address surplus resources and systemic constraints, hence better promoting and leveraging entrepreneurship for sustainable and economic growth, but also better capitalize on the new firm creation dynamism that already is present in the region. Having a systemic structure in place, better usage of resources would be possible and the system itself – with an umbrella organization at the head – could take on greater challenges than a single support organization can do.

Future Research

This report offers a depiction of the structure of the support for entrepreneurship in Scania as well as the policy implications of such a systemic approach. The topic is however, far from being satisfactorily covered. Several aspects that have come to attention in the study that are worth further research. First, since the results of this study are limited to percentage share depiction of the division of support organizations, it might not give an entirely representative image of the actual emphasis in the system. A suggestion for future research would be to instead look into the support organizations' actual financial resources – if possible – and conduct a mapping to see where in the entrepreneurial process the largest share of investment is going.

Second, considering the framework established in this study, the integration and coordination between organizations should be studied in-depth. A major issue was that information, feedback and tools were not sufficiently shared amongst organizations, although this would entail much more efficient usage of common resources. Another suggestion for future research is to investigate what the main barriers to knowledge exchange are and how information and knowledge exchange can be improved.

Third, it might be useful to investigate the support organizations from the perspective of the entrepreneur, i.e. which ones they know about, how they use their support and how they value the support they receive. To achieve a comprehensive view of this, one of the umbrella organizations would have better oversight in providing a holistic perspective of the entrepreneurial community's experience of employing the support organizations. Finally, in order to develop a well-functioning system, the fact that barely a tenth of all start-ups come in contact with the support organizations must be taken into consideration. The reasons for why entrepreneurs do not use the system should be identified: is it because they do not need any external support, or because they do not know how to access it or look for it?

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APPENDIX

Interview guide

'Name' (Organization)

Ämne för Masteruppsats: "The Regional System of Entrepreneurship" med fokus på vilka stöd organisationer, program och projekt som finns i regionen som antingen är riktade helt mot entreprenörer eller vars verksamhet har en avdelning som sysslar med entreprenörskap. Syftet är att undersöka vilket fokus dessa har, vad gäller relation till universitetet, olika sektorer, samt vilket området inom entreprenörskap deras aktiviteter är riktade mot. Övergripande ska en bild skapas av detta system i överlag för att slutligen kartlägga dessa organisationer på en tidslinje för entreprenörskap och nyföretagande.

Teman

- *Trender i Skånes näringsliv: entreprenörskap, nystartade företag och tillväxt*
- *Region Skånes och SIS roll i systemet*
- *Vikten av HEI (Higher Education Institutions)*
- *Industri och sektor fokus: strategi att prioritera (internationell innovationsstrategi)*
- *Aktivitetsområdet: eg. R&D, finansiellt stöd, information, kultur, träning och kompetensutveckling – var ligger fokus?*
- *Generell och specifikt entreprenörskaps stöd: fördelar och nackdelar*
- *Nya projekt: startadrivautveckla, SME Tillväxtfasgruppen etc.*
- *Framtidsutsikter och planer*
- *Tillkomst av privata alternativ och projekt*
- *Fördelning av stödorganisationer utmed 'tidslinje' [återkommer med detaljer om detta under intervjun]*
- *Kommentar på: 'kritik mot kvantitet av system komponenter'*

Coding Schedule

Agency	Form2	Form3	Policy Focus	Time Period	HEI related	Industry	Spatial Level	Network	Regulatory Market con	Access to R&D & ' Entrepreneur	Culture	
ALMI + Innov	Organization		Support start-ups and	Start-up - Post start	General	No	National			x	x	x
ALMI Företag. Forskarpatent i Syd			Finds research results	Pre-start up - start u	Yes	No	Regional				x	
ALMI Invest (c Teknoseed			A risk capital compa	Post start up	General	Yes	Regional			x		
ALMI sub ALMI-IK2	(Project-dep		ALMI's innovation de	Pre-start up	General	No	National			x		x
ALMI sub ALMI-IFS	(Project-dep		Providing finance an	Pre-start up - start u	General	No	National			x		x
Almi sub Sydsvensk E	Organization		Provides funds to en	Pre-start up - start-u	General	No	Regional			x		
Business Swe	Organization		Aims to become a p	Maintenance and g	General	No	National		x			x
Centrum för F	Organization		A resource-center fo	Pre-start up	General	No	Regional	x				x
Cleantech Sca	Organization		A Nordic network of	Maintenance and g	General	Yes	National	x		x		
Connect Skån	Organization		Independent, non-pi	Pre-start up - start u	General	No	Regional	x		x		x
Connectivity I	Organization		A virtual arena wher	Pre-start up - start u	Yes	No	Regional				x	x
Coompanion	Organization	Incubator	Supports new compa	Pre-start up - start-u	General	Yes	National	x				x
Djäkne Kaffet	Organization (private)		A café where you fo	Start-up - Post start	General	No	Regional					x
Drivhuset	Organization		Provides students w	Pre-start up - start u	Yes	No	Regional				x	x
Familjen Hels	Organization		Aims to improve cor	General	General	No	Regional	x		x		x
FENA	Organization		The largest national	Pre-start up	Yes	No	National	x			x	x
Foo Café	Organization (private)		An independent mee	Post start-up - Main	General	Yes	Regional	x				x
Formas (Swec	Research council		Promoting and supp	General	Both	Yes	National			x	x	
Forte (Swedis	Research council		Funds research in th	General	Both	Yes	National			x	x	
Forum for Soc	Organization		A platform for social	General	General	Yes	National	x				
Forza of Swec	Organization		Entrepreneur genera	Pre-start up - start u	General	No	Regional-local	x				x
Herbert Felix	Organization	Incubator	An incubator in Eslö	Start-up - Post start	General	No	Regional					x
Högskolan i K	Organization		Stimulates students	Awareness-start-up	Yes	No	Regional-Local	x		x	x	x
Högskolan i K Krinova Scie	Organization		Focusing on the food	General	Both	Yes	Regional				x	x
Högskolan i K HKR Innovation			A link between the K	Pre-start up - start u	Yes	No	Regional	x			x	x
Högskolan i K Högskolan Kristianstad U			Offers education and	Maintenance and g	Yes	No	Regional-local					x
Högskolan i K Futurum Creative Center			Specifically supports	Pre-start up - start u	Yes	No	Regional-local	x			x	x
Ideon Agro Fc	Organization		A non-profit organiza	Maintenance and g	General	Yes	Regional	x			x	x
INTERACT Sw	Organization	Incubator	An incubator in Hels	Pre-start up - start-u	General	Yes	Regional-Local					x
IUC (Industria	Organization		Supports industrial c	Maintenance and g	General	No	National				x	x
Krinova Innov	Innovation arena		An arena for small a	General	Both	No	Regional	x				x
Landskrona Li	Organization		Partly houses Think I	Pre-start up - start u	General	No	Regional-local					x
Livsmedelsak	Cluster		A network for busin	Maintenance and g	General	Yes	Regional	x				x

Uppstart Mal	Organization	A non-profit foundat	Pre-start up - start-	General	No	Regional-local	x			x	
<i>Uppstart Mal</i>	Tillväxt Malmö	Supports firms in Malmö	Maintenance and g	Both	No	Regional-local	x	x		x	
Venture Cup	Competition	A competition for enter	Pre-start up	General	No	National	x			x	
Vetenskapsrå	Organization	The largest funding ag	General	Yes	No	National	x	x	x		
VINNOVA	Organization	National Agency for	General	General	No	National		X	x	x	
<i>VINNOVA (Pr</i>	VINNVÄXT	National program st	General	General	No	National		x	x	x	
Young Entrep	Organization	Initially a national ne	Pre-start up - start	General	No	National	x			x	x
Lund University											
<i>Lund Universi</i>	LU Open Inn	Center	Focusing on support	Pre-start up	Yes	No	Regional	x	x	x	
<i>Lund Universi</i>	Lusic	Center	A centre for social in	Pre-start up - start	Yes	Yes	Regional	x		x	
<i>Lund Universi</i>	LU Innovatic	Organization	The hub for innovati	Pre-start up - start	Yes	No	Regional	x		x	x
<i>Lund Universi</i>	Venture Lab	Incubator	A pre-incubator for c	Start-up - Post start	Yes	No	Regional			x	
<i>LUAB</i>	LU Developr	Organization	A risk capital compa	Pre-start up - start-	Both	No	Regional		x		
<i>Lund Universi</i>	Black Pearl	(Project	A meeting place for	Pre-start up	Yes	No	Regional	x		x	
<i>Lund Universi</i>	Ideon Scienc	Organization	Supports high-tech f	Post start-up - Mair	Both	Yes	Regional		x	x	
<i>Lund Universi</i>	Ideon Innov	Incubator	Incubator at Ideon f	Start-up - Post start	Yes	Yes	Regional			x	
<i>Lund Universi</i>	Innovationsl	Umbrella org	A network organizat	Pre-start up - start	Yes	No	Regional	x	x	x	
<i>Lund Universi</i>	LU Sten K. Johnson Centr	A centre for Entrepre	Awareness-pre-star	Yes	No	Regional				x	x
Region Skåne											
<i>Region Skåne</i>	Boost Hbg	Incubator	Incubator and meeti	Maintenance and g	General	No	Regional	x	x	x	
<i>Region Skåne</i>	Centre for Ir	Project	A resources centre/f	Start-up - Post start	Yes	Yes	Regional	x		x	
<i>Region Skåne</i>	Cleantech In	Organization	Offers newly started	Post-start-up	General	Yes	National	x		x	
<i>Region Skåne</i>	ClinTrials Sk	Organization	Develops and offers	General	General	Yes	Regional		x	x	
<i>Region Skåne</i>	Innovator Sl	Organization	Helps commercialize	Pre-start up - start-	General	No	Regional		x	x	
<i>Region Skåne</i>	Malmö Inno	Incubator	Supports new compa	Post start-up - Mair	Both	Yes	Regional	x		x	
<i>Region Skåne</i>	Moving Mec	Cluster	A platform and netw	Maintenance and g	General	Yes	Regional	x		x	
<i>Region Skåne</i>	Sweden Cle	Incubator	A virtual incubator tl	Start-up - Post start	Yes	Yes	National			x	
<i>Region Skåne</i>	Teknopol AE	Organization	Business developme	Pre-start up - start	Yes	Yes	Regional			x	
SLU (Alnarp)											
<i>SLU (Alnarp)</i>	Movium	Organization	A unit at SLU that fo	Pre-start up	Yes	No	Regional	x	x	x	x
<i>SLU (Alnarp)</i>	Partnerskap	Organization	Focusing on support	Maintenance and g	Yes	Yes	Regional	x		x	x
<i>SLU (Alnarp)</i>	Alnarp Inno	Incubator	Offers incubation, cc	Pre-start up - start	Yes	YES	Regional	x		x	
<i>SLU (Alnarp) c</i>	SLU Holding	Organization	Supports, develops a	Start-up - Post start	Yes	Yes	Regional		x	x	