

Choosing the Perfect Spot

An exploratory study of the underlying factors behind companies' location decisions

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May 31, 2023



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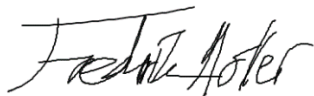
This master's thesis has been performed for the degree of Master of Science in Industrial Engineering and Management, at the Division of Production Management, Faculty of Engineering LTH, Lund University. Author: Fredrik Möller. Supervisor: Ulf Silbersky. Examiner: Ola Alexanderson.

Acknowledgements

First and foremost, I would like to express my sincere gratitude towards my supervisor Ulf Silbersky for his guidance, advice, and valuable input. By emphasising how a structured approach simplifies a large-scale project, he made this whole process very comprehensible, and for that, I am thankful. Furthermore, receiving continuous support over the course of several months was invaluable. Thank you for our recurring morning meetings and thoughtful conversations, they will be missed.

All the companies that participated in the study also deserve recognition in this section, as it would not have been possible without your contributions. I deeply appreciate all our exchanges, and it was inspiring to meet so many competent individuals. You are all a huge part of the result that I now proudly can present.

Finally, I want to acknowledge my family and loved ones who have supported me and shown nothing but positivity to motivate me through this journey. Thank you.



Fredrik Möller
Lund, May 2023

Abstract

Over time, different trends have been spotted in how companies decide to locate their businesses. From the gradual rise of more offshoring of operations, to the recent increase in popularity of returning business domestically again. The topic has also received much recognition academically, with focus often placed on the factors that lead to locational competitive advantages - attributes that differentiate the performance of one location compared to another. But how do companies reason when approached with the location decision question? What is considered important in their own eyes? This thesis aimed to find the factors affecting a company's location decision, explained by themselves. Furthermore, it sought to investigate if there was a connection between the many different parts of theory and the impactful factors expressed by the participating companies. The reasons derived from the areas of theory, to which the location decision was compared, were *resource-based factors*, *macro-environmental factors*, *agglomeration and competition factors*, and *stakeholder factors*.

Through eight case studies on companies' location decisions, it was discovered that a combination of this theory plays a crucial role in the matter. In addition, the participants had other contextual factors that held strong meaning and complemented the other reasons. It was also noticed how the company characteristics influenced which location decision factors that were deemed important in each case. Lastly, some of the factors were found to be closely connected to each other and therefore especially valuable for the location decision in question.

Keywords: Location decision, Company location, Business placement, Factors impacting company location, Competitive advantage

Executive summary

Title

Choosing the Perfect Spot - An exploratory study of the underlying factors behind companies' location decisions

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Background

As the modern company has evolved, so have also the possibilities of where one can locate the business. Over the course of roughly 200 years, scientists have provided multiple explanations as to why certain locations are chosen over others. These have often concentrated on the pull factors of these places, namely the reasons companies are attracted there. Other studies mention push factors, reasons driving the companies to find new locations. Instead, this thesis sought to investigate what the companies themselves regarded as valuable when deciding on a location.

Purpose

This master's thesis aims to explore the main factors of contribution for a company's location decision.

Research Questions

The main question investigated in the study was:

- What affects a company's location decision?

This question was analysed through a sub-question:

- Can the reason for a company's location decision be described by:
 1. Resource-based factors?
 2. Macro-environmental factors?

3. Agglomeration and Competition factors?
4. Stakeholder factors?
5. Or a combination of the above?

Delimitations

The study will examine where the participating companies have located their own business with their own personnel, hence disregarding down-stream or up-stream location decisions of supporting industries.

Method

This thesis followed an exploratory purpose, with a deductive research approach, and a case study research strategy. Eight separate cases were investigated, and the data was collected through semi-structured interviews with the participants.

Conclusion

A location decision was found to be a highly contextual and complex event, with strong involvement of the characteristics of the company that located the business. Furthermore, a combination of several fields of theory could often give a good-enough explanation as to why a certain location had been chosen. In other words, if one combines parts of resource-based factors, macro-environmental factors, agglomeration and competition factors, and stakeholder factors, the location decision is likely to have contained a mix of these factors. Simultaneously, there were also additional factors of strong impact found outside of this collection of theories. Lastly, several factors were discovered to have linkages to each other, which seem to be very valuable for companies when deciding on a location.

Keywords

Location decision, Company location, Business placement, Factors impacting company location, Competitive advantage

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1. Introduction

This chapter first presents a brief background to the subject of the thesis. Then, the purpose of the study is explained, followed by the research questions closely connected to this purpose. In addition, the considered delimitations are described, and lastly, a short summary is given of all chapters included in the thesis.

1.1 Background

The structure of a modern-day organisation is a subject that has undergone great change over time. From an early view of the company as a sole value creator with many of the functions kept in-house, to a network actor in a chain of internal and external operations. As a result, companies nowadays face an increased number of strategic challenges in terms of where one locates parts of, or the entire, business. In parallel, in a globalised world with almost endless options, the location decision appears to be a matter of great complexity. Many large firms also have presence in multiple countries, and even on different continents, which further amplifies the importance of finding locations suitable for the business. At the same time, there have been different trends over the years in where firms decide to place the operations. When the microprocessor was invented in the 1980s, it signalled the beginning of a shift towards a more decentralised company. In other words, more company functions were outsourced, which in many cases included offshoring as well. Over the last 15 years or so, the trend has now changed, and it has been observed how gradually more business is transferred back domestically again (Edgren and Skärvad 2014).

But what is it that drives companies to select certain locations and at the same time disregard others? And are choices universal or do differences appear among companies when being investigated? Over the course of the last 200 years, scientists have given numerous explanations to the subject, with many parts of theory receiving broad recognition. Some centre around the characteristics of the location itself, while others concentrate on the attributes of the companies. As for locations, the emphasis has often been on the development of certain conditions considered to render superior success for the residing actors. In an academic setting, these have generally been labelled as pull factors, namely reasons for attracting firms to the location. With respect to companies, much analysis has focused on in which context the company would want to leave a location, often then described as push factors. However, these two do not completely answer the question of what the companies themselves value and prioritise the most. Still, it contributed to the idea behind this thesis, and it functioned as a foundation to further investigate whether companies' opinions conformed with what theory said on the matter, or if they assessed factors differently.

1.2 Purpose

This study aimed to explore what companies themselves valued and regarded as important when selecting a location for their business. Furthermore, it sought to investigate if the many explanations provided by theory would correspond with the factors affecting location decisions in practice.

1.3 Research Questions

The purpose was explored through a research question and further analysed by a sub-question.

Research question:

- What affects a company's location decision?

Sub-question:

- Can the reason for a company's location decision be described by:
 1. Resource-based factors?
 2. Macro-environmental factors?
 3. Agglomeration and Competition factors?
 4. Stakeholder factors?
 5. Or a combination of the above?

1.4 Delimitations

This study will only consider where the participants have located their own business, or parts thereof, with their own personnel, hence disregarding up-stream or down-stream location decisions of suppliers or other related and supporting industries.

1.5 Thesis disposition

Chapter 1: Introduction

At first, a brief background of the subject is given, followed by the purpose of the thesis. Then, the research questions are presented, and the delimitations that were considered throughout the thesis are mentioned.

Chapter 2: Methodology

The considerations done with respect to the methodology of the thesis are presented and motivated in this chapter. Furthermore, the course of action of the full research process is explained in detail, together with some remarks regarding the data quality of the study.

Chapter 3: Theoretical Foundation

All four fields of theory applied in the thesis are covered here. They are utilised to form a conceptual framework of potential factors of contribution on a location decision. This is displayed as a list of factors at the end of this chapter.

Chapter 4: Empirical Findings

Each case study interview is presented in this chapter, as well as a brief description of the location in question and the interviewee that participated in the interview. The collected data is categorised according to the theoretical framework and summarised in a large cross-case table at the end.

Chapter 5: Analysis

The analysis chapter is centred around the result in the summarised table. A grading colour scheme is implemented to display the location decision factors of importance more accurately among the participants. These are then further analysed with respect to the theoretical framework, and lastly, each company's location decision context is showcased.

Chapter 6: Discussion

Here, a discussion is formed around the important areas in the analysis that were found to have an impact on a location decision. This chapter also aims to build a bridge between the analysis and the conclusion to enable an appropriate connection with the purpose of the research.

Chapter 7: Conclusion

The thesis is concluded by direct answers to the research question and the sub-question. A couple of remarks about the methodology and theory selection are given, and lastly, suggestions of further research are brought up.

2. Methodology

This chapter covers the considerations made when deciding on how to conduct the research of this project. To begin with, the research purpose, approach, and strategy are described, and the selections are motivated. Then a thorough walk-through of the course of action of this thesis is presented. A few comments are also stated regarding the validity and reliability of the study, and to finish things off, some personal reflections are raised.

2.1 Research purpose

Höst, Regnell and Runeson (2006) describe four different purposes of a study, namely descriptive, exploratory, explanatory, and problem-solving. A descriptive study, as the name suggests, aims to describe the contents of the research, and seeks to portray the subject as accurately as possible. Exploratory studies are characterised by investigating a phenomenon more in-depth than a descriptive study, to better find an understanding of its nature. Explanatory research focuses on delivering an explanation to the given subject, often applying causation connecting dots together. Problem-solving studies are generally conducted in more technical settings where the purpose is to find a clear solution to a certain problem. Due to the shifting nature of a location decision depending on which decision being investigated, and after evaluating prior research, applying an exploratory methodology was the most suitable for this study. Selecting an explanatory methodology could have been an option. However, it was assessed to require a much more extensive study with both several similar companies in comparable situations and a deeper insight in every location decision. If one would conduct such a study, I would suggest establishing contact with multiple sources at every company, as well as possibly even taking an observing part in the process of when the decisions are being made.

2.2 Research approach

Forming the theoretical foundation was approached with a predetermined strategy in mind. Saunders, Lewis and Thornhill (2012) name three different approaches to research – deductive, inductive and abductive. The deductive approach is applied in research where commonly a hypothesis is designed and tested. If the test result is positive and confirms all premises of the hypothesis, then the conclusion is also validated. This approach is usually chosen in subjects within the natural sciences and used on large sample sizes. An inductive approach, on the other hand, starts backwards by building theory based on results collected from interviews or other similar sources of information. Notable is that induction suits qualitative research the best and is viable even for smaller sample sizes. The conclusions drawn from the research are necessarily not needed to be tested with this approach. Instead, it aims to explore the subject to form a conceptual framework generated from the findings. Using an abductive research approach can be described as a middle way between the two. By initiating this approach, the researcher concurrently both tests and builds theory. The work

often begins with an observation, which then is investigated through development of potentially fitting theory. A conceptual framework is constructed from the result and tested on the research subjects. While gathering data, a new assessment of the theoretical background can be made and possibly the researcher realises that certain theories are more suitable than others. Furthermore, one might find additional relevant theories to include that are a better fit to the initial observation.

All three options would have made sense to apply in this study. The final decision fell on a deductive approach in the form of constructing a hypothetical theoretical framework prior to the data collection. It was chosen even though it sometimes is more suitable for larger sample sizes. To address this issue, much focus was put on finding enough location decisions to investigate, originating from separate industries with facility placements in many different locations. Furthermore, it was important that at least one service company and one manufacturing company would be included in the study, and that there were companies of different sizes among the participants. More on that case selection is covered below. Since the deductive approach is very literature driven, it was also crucial that parts of theory were accessible and comprehensible, which they were regarded to be from the literature review. To tackle the risk of creating an inaccurate theoretical framework, a very broad and substantial first draft of contributing factors was stated. Since several fields of theory were applied to explain the same thing, some overlapping areas were found. These overlaps were consequently removed. Besides, using four different models to explain the location decision was evaluated to be enough to deal with the risks of the deductive approach.

An inductive approach, as well as an abductive approach, could instead have been utilised. At first, the complex nature of the location decision would perhaps be attractive for the researcher to apply one of these two approaches for. In retrospect, I am very pleased I went with the deductive approach, which is elaborated on further in the concluding part of this thesis when more information about the location decision question has been presented.

2.3 Research strategy

Martyn Denscombe (2021) lists a great number of significant research strategies to pick from when conducting research. As stated in a previous section, the parameters affecting a company's location decision are generally different depending on which situation that is being investigated. It is a complex event with several important relations and processes to account for. When examining alternatives of research strategy, a perfect match with the characteristics of a location decision is found in the case study description. Denscombe (2021) gives the case study a couple of distinctive features:

- It focuses on a single or few events rather than many.
- It is best applied when investigating an event in-depth.
- It aims to explain both what happened and more importantly why it happened, which is why it best suits studies of complex relations or processes.
- It combines especially well with an exploratory research purpose.

- It centres around the bigger picture rather than to isolate a few factors.
- Multiple sources of information gathering methods are available and potentially combined in the study.
- Inductive or abductive research approaches are usually appropriate to use together with the case study.

A company's location decision fits many, if not almost all, of the attributes above. Additionally, my choices of an exploratory purpose, along with the qualitative focus of the research, made the case study strategy an obvious pick. The only slight issue is the mismatch of the case study and the research approach. This was addressed in the previous section, where I sought to expand the case study, and relevant background theory, to be broad enough to accurately give results worthy to form conclusions from, with respect to the hypothesis.

2.4 Course of action

Initially, prior research was investigated, and the findings were both addressed in the introduction, as well as some additional comments collected in the reflections section found last in this chapter. The result of several discussions and elaborations with my supervisor Ulf Silbersky, and with some assistance from Ola Alexanderson, was a distinctive division of the subject into four major areas of contribution. These were assumed to be resource-based factors, macro-environmental factors, agglomeration and competition factors, and stakeholder factors. Originating from these, further theory assessment was conducted and from each set of theories, a potential list of contributing factors was assembled. It resulted in a substantial collection of many factors. To narrow it down into a feasible list to test on the research subjects, some had to be removed. The reasoning behind the choices that were made is found in appendix A2.

2.4.1 Case selection

In parallel, discussions were held regarding attributes of the companies participating in the study. Characteristics such as size, age, industry, background and how accessible they were perceived to be from an interviewing perspective, were accounted for. The aim was to create a list as versatile and comprehensive as possible to explore the subject the most. It was done since the uncertainty of actual contributing factors beforehand was high. Furthermore, slight practical considerations were made regarding what area of the world they were in, as well as having some cases with previous personal connection to reduce needed correspondence.

Table 2.1: Companies that participated in the case study.

Companies	Industry
Ekens Assistans	<i>Personal assistance</i>
Beskows Drycker	<i>Cidery/winery</i>
VCBC	<i>Car body components</i>
BLS Industries	<i>Sanitaryware</i>
BIG DRUM	<i>Filling machines</i>
Stadium	<i>Sporting goods retailer</i>
Cloetta	<i>Chocolate and confectionary</i>
DUX	<i>Beds, furniture, and textiles</i>

The mix in table 2.1 was initially slightly different. Due to difficulties with some companies declining to participate in the study, and some not replying at all, the composition of the list had to be altered. While doing so, it was important to maintain a diverse collection of companies, as well as keeping enough case study subjects to investigate. Furthermore, the final number of participants were considered to be appropriate for the scope of the study, and for answering the research questions.

2.4.2 Data collection

While performing research through a case study, multiple methods of data collection can be utilised, as well as a combination of them (Denscombe 2021). Since a location decision in many ways is complex and personal for each case reviewed, there was a strong need to investigate and gather data by having the companies explain themselves what affected their choice. Consequently, interviews were decided to provide the best chance of collecting accurate data. This opinion is also backed by Denscombe (2021), who describes interviews as the optimal choice of data collection in situations involving exploring complex phenomena such as “Opinions, perceptions, emotions and experiences”, “complex matters” and “privileged information”.

Denscombe (2021) continues to mention the considerations to be made regarding the structure of the interview. Three types are described, namely structured interviews, semi-structured interviews, and unstructured interviews. Due to previously creating a list of potential factors of contributions to a location decision, but still feeling slightly insecure of how well it suited each case, semi-structured interviews were selected as the most appropriate choice. It gave the option to directly collect answers to questions covering the list of factors, while also leaving room for additional reasons explained in discussions during the meetings.

The following considerations were then made regarding the attributes of the interviewees. Most importantly, the person had to possess knowledge about the reasoning behind the location decision. Ideally, either the CEO or someone else in a prominent position at the company would be approached with questions formed from the list of factors. The second-best option of interviewee was assessed to be employees with a very long history at the company and that were regarded as knowledgeable in that sense. Denscombe (2021) names different styles of interviews to choose from, but due to the prominent position required by the interviewee, the most realistic in this case was having personal interviews with a single person at the companies.

Table 2.2: List of interviewees that participated in the study.

Companies	Interviewees
Ekens Assistans	Mattias Persson - CEO
Beskows Drycker	Fredrik Beskow - CEO
VCBC	Elizabeth Evertsson - Human Resources Business Partner Andelko Cituljski - Head of Communications
BLS Industries	Rebecka Spånberg - CEO
BIG DRUM	Matthias Ruppert - Managing Director
Stadium	Daniel Löfkvist - COO
Cloetta	Igor Mandryš - Managing Director Cloetta Slovakia
DUX	Charlotte Ljung - former CEO

Prior to each interview, previous company history was explored, and a quick investigation of the location was conducted to form basic background knowledge and to enable more focus on the actual interview questions. Simultaneously, the interviewees were asked to very briefly describe themselves to see whether both sides conformed, or if differences could be spotted and needed to be cleared out.

To prepare the interviewees before the actual interview, an evaluated piece of the interview guide was sent to them. This covered resource-based factors affecting the location decision. The reasoning behind this selection was that many of the companies might find it difficult to see the relevance in more complex factors that might be more applicable in certain cases rather than general ones. Out of the list, resource-based factors were considered the easiest to comprehend and to apply to form a setting in which all interviewees would feel relevant to the study. Another reason was that many of the resource-based factors partly cover other sections

in the theoretical foundation. While only doing so in a general way, they then functioned as an indicator of which area further discussions during the interview would be concentrated on. A risk with this approach was that the interviewees had a lot of time to reason regarding resource-based factors and to prepare answers connected to this category. Another risk would be them believing that the answers either only should be formed around that part of theory, or that extra meaning in their location decision story should be placed towards resource-based factors. This could have led to biased results gathered from the interviews in terms of a misleading representation of this area of theory. However, a couple of arguments to address this fact will now be presented.

In basically every interview held, the interviewees had prepared substantial material in the form of PowerPoint presentations or notes describing the background factors of the location decision. Despite what one would believe, these were usually not formed around the resource-based questions previously sent to them. It was more so a presentation of the company history from start to finish, while also covering the location decision. Once this story was over, they then turned towards the resource-based parts of theory they received prior to the meeting. In that context, these questions only functioned as complements to the “actual” story. Additionally, the interview guide was utilised very flexibly. Since the meetings with the interviewees often were very time constrained, areas they themselves covered were not brought up again in the interview. Instead, discussions were formed during their initial story of the location decision to complement it, and to optimise the interview setting. The final part of the interview then often consisted of me going through the rest of the areas not addressed by the interviewee previously. Sometimes new findings could then be discovered that the interviewee forgot to mention, but usually their own location decision story was the most optimal source of information. Consequently, the resource-based theory bias was assessed to not be strong enough to render findings invalid.

A deliberate choice was to not record the interviews. According to Denscombe (2021), audio and video recordings are to prefer compared to just by memory trying to remember what was said. However, he also states that by using a recording device, one risks of placing the interviewee in an uncomfortable situation. Additionally, risks of having information consisting of a more general nature are apparent. In the case of a location decision, some concerns were considered regarding stakeholder factors and recording the interviews. The reasoning was that perhaps better results would be possible overall in this section if extensive notes during the interviews would replace an audio recording. Personally, I felt that it helped create an informal setting, especially in the case with Ekens Assistans where I visited their location in person. The rest of the interviews were held online through either Zoom or Teams, with a video camera on.

2.4.3 Pilot study

Denscombe (2021) explains the benefits of implementing a pilot study before initiating the full collection of data. It enables method testing and one can notice if the conceptual framework partly has to be altered. In this case, interviews were performed with Ekens

Assistans and Beskows Drycker that I already had an established relation with through mutual acquaintances. The result was satisfactory and largely validated the chosen collections of theory.

2.4.4 Structuring the results

Since no audio recorder was used, an interview draft was instantly formed after each interview was held. The findings were then summarised in the same structure as the interview guide, based around the four areas of contribution. It quickly became apparent that another fifth category was needed to capture findings outside of the theoretical framework's scope. These five areas then functioned as the foundation that future analysis would centre around. It goes along the suggestions of Denscombe (2021), who mentions how analysis of the interview content could follow a procedure of:

1. Split the transcribed text into smaller pieces.
2. Form relevant categories to collect data in.
3. Translate the text into these categories.
4. Conduct analysis on the findings with respect to this structure.

There was no transcribed text used, so the interview draft was translated right away into the four areas of contribution, plus the additional findings separated from these. In addition, Saunders, Lewis and Thornhill (2012) agree with Denscombe (2021) on the subject of categorising the findings. They also include that in deductive qualitative research, utilising the theoretical framework as a foundation for future analysis is a possible way moving forward. Still, they highlight that if there were insufficient matches between the framework and the findings, one might need to alter this method. As the findings corresponded quite well with theory, this was not needed.

2.4.5 Summary of content

After finishing the data collection, a considerable task would follow, namely the analysis of the gathered material. It was surprising that such a large amount of relevant information could surface from just one interview setting for each case. As a result, a summary was desperately needed to cover all cases with respect to the four areas of theory and the additional findings. According to Denscombe (2021), qualitative data analysis is usually not fitting for analysis through tables or statistics. At first, I began contemplating what such a summary (and analysis) of the findings then would manifest as. Every location decision was found to be very contextual and hence, conducting an analysis in that way would lead to a very scattered image difficult for the reader to follow. Additionally, it did not conform with the image I had after finishing the data collection. My view was that although having a context-based setting, the location decisions investigated had several parameters of important similarities and differences to emphasise. So, despite what Denscombe (2021) mentions, I decided to form a large table to collect and summarise all interview findings, from every case, to then utilise as a starting point for further analysis.

2.4.6 Analysis

The table consisted of the four areas of theory and the additional findings. A cross-case analysis was then implemented, and if a certain company valued a certain category as impactful for the decision, they were added in that category. This provided a decent image of the data. However, decent was not considered to be sufficient to form any discussions or conclusions from. Consequently, a grading colour scheme was implemented to better match the companies' own evaluation of the factors impacting the location decisions. This was then used to showcase patterns more accurately within the data and to form a more concise view of each location decision.

2.4.7 Discussion and Conclusion

Based on the main points derived from the analysis, a discussion was formed to connect these with the research question and research sub-question. This led to a position where direct answers could be extracted and formulated. Due to the large amount of information collected, several ideas of further research areas were also discovered and suggested in this final chapter.

2.5 Validity and Reliability

Denscombe (2021) also covers the subject of data quality with respect to qualitative research. He mentions how difficulties, unlike in quantitative research, lie in recreating the study setting, and therefore validating the results through similar experiments is nearly impossible. Another issue is that the researcher tends to be personally involved in the data collection and the analysis part of the study. It further complicates attempts to repeat the research and therefore might compromise its reliability.

As for the validity of the study, Denscombe (2021) gives a few examples of how one addresses the problems of the qualitative study in that regard.

- *Participant validation*, by letting the participants receive the collected data to confirm and control it, one can ensure that it is accurate and corresponding with what was said.
- *Grounded data*, to verify that the findings are reflecting reality, the researcher often spends a long-time collecting data, working closely to the phenomenon investigated.
- *Triangulation*, the final way to guarantee that the results are precise is to evaluate them with respect to another contrasting source of information.

Participant validation was partly conducted in the form of having several pieces of the interview findings being confirmed by e-mail over the course of the case study. In addition, many of the interviewees sent over extensive material covering old newspaper articles and internal company memos of decisions that were discussed during the interviews. Sometimes even pictures accompanied these collections. Altogether, this was utilised to confirm the location decision stories covered during the conversations. After the completion of the study, every participant also received a direct hyperlink to the published thesis.

Triangulation was also a tool briefly utilised to validate the findings discovered. I tried to confirm much of what was said during the interviews through separate news articles and information online myself. However, it was not really the purpose of the study to evaluate how well the findings corresponded with reality. The whole idea was to create a subjective study of what the companies themselves regarded as important in the location decision context. Consequently, third party information not provided by the participants, was not used in any form to alter the collected data.

To address what Denscombe (2021) elaborates on regarding reliability, it is difficult to assess whether another researcher would have come to the same conclusions as I did. One thing Denscombe (2021) describes on the matter is that the research should reflect “procedures and decisions other researchers can see and evaluate”. If present, this could function as a substitute to replicating the research. This study very much so originated from such tangible attributes and therefore satisfies that requirement. In addition, Denscombe (2021) also brings forward the importance of a substantial and detailed method chapter, analysis chapter, and thorough description of the decision process, which I strongly believe has been presented.

2.6 Reflections

The aim of the study was to identify factors impacting company location decisions. These were believed to have a broad theoretical background, originating from several different fields of contribution. Assessing prior research in the subject was therefore both a pleasant and complicated task. Much of the material was easily accessed, but all theories potentially held equal relevance, which quickly led to risks of having an incoherent theoretical foundation. Some frameworks were also utilised outside of their normal setting and applied in another context, namely a company’s location decision. Altogether, it required many hours of considerations to finalise a fitting theoretical foundation.

Planning interviews are more difficult than one at first imagines. In most cases, the contact persons were very helpful and accommodating, but due to the positions of the interviewees, they were operating with tight schedules. Taking this into account, the plan was to initially ask for 30-45 minutes maximum, with 30 minutes or even lower presented to the companies without former established relations, and 45 minutes presented to the companies where I felt confident to do so. Furthermore, I was struggling a lot with arranging interviews with some of the bigger companies in the study, namely those without a contact person whose relation I could exploit. The only way to approach these were through a generic info e-mail address, a generic press e-mail address, or by calling their office reception. Since I did all three of the above, the results were shifting. In most cases, it was hard to turn the conversations into something concrete – an actual interview.

I realised quickly that flexibility is key if you seek interviews with people in prominent roles at larger companies. If I was fortunate enough to establish a direct contact with a possible

interviewee, then it was crucial that the proposed interview slot from their side was accepted on my end. This required some hard work and assistance from relatives and loved ones, and the result is something I am very pleased with.

3. Theoretical Foundation

This chapter contains a brief introduction to location theory, followed by the four major fields of theory that together form the theoretical foundation. These are presented in the following order: resource-based theory, macro-environmental theory, agglomeration and competition theory, and stakeholder theory. At the end of this section, a summary is given, and the chapter is concluded by the collected list of factors found to potentially impact a location decision.

3.1 Introduction and Location Theory

To accurately map out the academic history of factors impacting industry location theory, a reasonable starting point is to begin approximately two centuries back. Its origin is from purely economic sources connected to transportation cost theory. First to publish findings was German agriculturist Johann Heinrich von Thünen, who modelled an early explanation in 1826 as to why different agriculture will be located at a certain place (Haggett 1967). Continuing about a hundred years later, economist Alfred Weber (1929) developed an industrial location theory with respect to resources and distance to the market, optimising the economic location of production. Further major contributions have been made by Walter Christaller and William Alonso. Christaller, a geographer, concentrated on central place theory. He described how settlements and locations are interconnected, and why buildings within these settlements are placed in certain ways, taking up valuable space (Berry and Harris 1970). Alonso (1964) developed pricing models for intra-urban land use, which differed between industry, housing, and commercial spaces. From his findings, important models and learnings could be applied when overseeing city planning.

As of more recent times, industry location theory has developed together with the view of the company as a network actor in a chain of products and services, from earlier only focusing on the sole value creator. Thus, the driving factors of location decisions have a much more profound setting and the possibilities in a globalised world are endless (Edgren and Skärvad 2014). To better get a grasp of the subject, it has been divided into four major areas of contribution connected to an implemented location decision, each providing their own possible explanation as to why the choice of location was made.

1. Resource-based factors
2. Macro-environmental factors
3. Agglomeration and Competition factors
4. Stakeholder factors

3.2 Resource-based factors

3.2.1 Resource-based View of the Firm

Company strategic theories explaining what differentiates firms within the same markets are nothing new. The Resource-based View (RBV) of the firm was born from the assumption that certain firm specific resources and competences are unique and therefore very hard for others to obtain. These lay the foundation for competitive advantages to be exploited, and prospective sustainable competitive advantages for the firm. Both Wernerfelt (1984) and Barney (1991) highlight the importance of these two, often labelled strategic capabilities, and how the distinctiveness of them results in superior performance. The term “strategic capabilities” is interchangeable with the sometimes more familiar “core competences” (Prahalad and Hamel 1990), and applicable in situations where combinations of resources and competences are present forming strategic capabilities. More so, Johnson, Whittington and Scholes (2012) argue that normally all strategic capabilities are partly consisting of both resources and competences of the firm. Strategic capabilities are then divided into sections of physical, financial, and human capabilities with explanatory descriptions of resources as “what we have” and competences as “what we do well”.

Including further research on the topic, Wang and Ahmed (2007) have summarised the concept of dynamic capabilities. Since the current strategic capabilities are only going to achieve temporary success, focus for the company should lie in establishing a foundation for recreating mentioned strategic capabilities. This is often characterised by managerial and organisational adaptability to change and is described as a company’s dynamic capabilities.

All strategic capabilities do not automatically translate into competitive advantages. Johnson, Whittington and Scholes (2012) distinguish between threshold capabilities and distinctive capabilities, with the former constituting of resources and competences required to even begin competing in a market, and the latter reflecting capabilities that give actual competitive advantages.

3.2.2 Resource-based View of Locations

As earlier stated, this view of the firm, with its resources and competences, has received a broad recognition academically. Applying the same logic centring around locations, one can conclude that they also hold resources and competences. Similar to firms, these are dividable into strategic capabilities, dynamic capabilities, and threshold- and distinctive capabilities. By accepting this reasoning, locations differ from each other due to what capabilities they inherit and possess. Much like firms, locations then form competitive advantages as a result of these differences. This idea is further developed by Michael Porter (1990) in the section covering agglomeration factors.

3.3 Macro-environmental factors

3.3.1 PESTEL-analysis

The PESTEL framework is a well-known tool, used to analyse the external macro-environment of a company. It is a general instrument that can be utilised by all organisations. The model comprises six different areas, being: political, economic, social, technological, environmental, and legal environment. Together they form an overview of factors determining success or failure of company strategy. More important, certain factors are “key drivers of change” and are extra influential for the company. These are the ones that should be focused on, as they often affect other factors under different categories as well (Washington State University 2022; Johnson, Whittington and Scholes 2012).

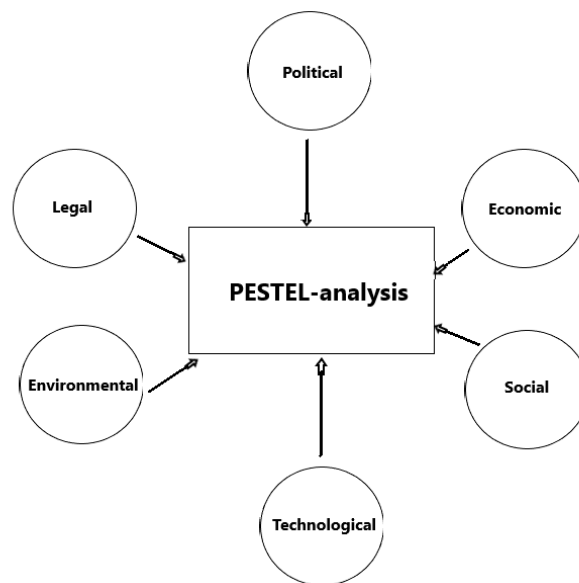


Figure 3.1: PESTEL framework of the macro-environment affecting the company.

Political refers to the governmental decisions and actions impacting the company. Depending on which industry that is being targeted, these can be very specific or rather general. Examples are taxation levels, degree of free trade, regulations, and political stability and potential risk of corruption.

Economic focuses on macro-economic tendencies and shifts that affect the company in various ways. They consist of, for instance, interest and inflation rates, economic growth, unemployment numbers, economic status among consumers and other businesses, and whether there is an ongoing recession or not. A hands-on example, given by Johnson, Whittington and Scholes (2012), is how fuel prices directly concern an airline company’s revenue.

Social factors are the ones impacted by human behaviour and characteristics among the stakeholder base. These are generally more intangible and harder to quantify for the company, although still of great importance. Some examples are demographics, different cultures, lifestyle trends and attitudes, and living standards.

Technological influences are from innovations creating changes in the industry and society in general. Johnson, Whittington and Scholes (2012) highlight innovations such as the internet, new material innovations, and new high-tech implications, for instance applying nano-technology in various ways. Many disruptive innovations are behind huge industry shifts that have been both extremely successful and devastating for companies.

Environmental describe factors that affect, or are affected by, the environment. Different types of emissions, pollutants and waste are all of environmental concern and for the company to take into consideration. Effects of climate change, such as extreme weather and natural disasters, could lead to gigantic consequences and the risks need to be accounted for always.

Legal environment is described by different laws that the company needs to comply with. It could manifest as employment laws, discrimination laws, and health and safety regulations. Another example is laws for obtaining intellectual property rights to counteract infringement of design and product innovation.

3.3.2 PEST-analysis

Sometimes the more limited form PEST is used instead of the full PESTEL framework. The PEST-analysis is basically the same as PESTEL without the last two sections. Thus, environmental and legal factors are left out to give a more targeted focus on the remaining four areas (Drexel University 2022). PEST is the original frame that many other similar tools then have built upon. For instance, the STEEPLE-analysis, which includes PEST plus legal, environmental, and ethical factors, and of course PESTEL, that was explained thoroughly above. Which model to apply is decided by the user and should be a consequence of what is needed to be examined (Ceopedia 2022).

3.3.3 CAGE framework

Using PESTEL to position locations against one another is a good starting point when analysing different site options. The CAGE framework is, however, a terrific supplement when doing so, as it further explores the potential of the location. Developed by Pankaj Ghemawat (2001), the framework provides insight to whether the location chosen actually is a good match for the company, or if the “distance” is too great. By distance, Ghemawat (2001) elaborates that every location has its own degree of cultural, administrative and political, geographical, and economic distance, towards the company. For example, a Spanish company experiences a much simpler business establishment in South America due to many of the factors mentioned above, even though other locations might rank higher when making a comparison. If the location is deemed compatible or not can be decided by conducting a CAGE framework analysis. The analysis is normally performed to evaluate certain market characteristics when trying to break into new markets. This is done as a part of an internationalisation strategy, hence the need to compare the new market location to the characteristics of the company. However, when discussing factors affecting company location

decisions, there is relevance in making the same comparison as in a standard CAGE breakdown. Valuable insight can then be retrieved from examining if the distance between the two parties is suitable.

Cultural distance connects social factors at the location with the company. Will there be a cultural match in terms of language, social standards and norms, religion, and ethnic network? In case of a mismatch, the risk of cultural differences leading to suboptimal performance of work staff is present, both when moving own staff, and when partly or wholly contracting new personnel.

Administrative and political distance reflect how historical political connections between locations have enabled trade possibilities. By knowing the governance structure and being familiar with regulations and safety measures, the company can manoeuvre in a similar way as it normally does. Many of the examples Ghemawat (2001) mentions in this category are associated with new market entry strategies, but an additional factor to consider is the bureaucratic difference applied purely on location decisions.

Geographical distance includes the physical attributes of the destination. Are these comparable to the home environment of those who tag along the company's location decision? Connected to the company itself, does the position have sufficient surroundings to fulfil the company's needs, and are they similar to what the company is accustomed to? Are there adequate infrastructure and communication possibilities to exploit? Another question to answer is whether current market presence is affected by the geographical distance.

Economic distance is influenced by the general wealth difference at the location. Ghemawat (2001) argues that companies should focus on replicating their existing economic profile when searching for a location. Differences in the quality and cost of especially human and financial resources will impact the economic distance and need to be accounted for.

3.4 Agglomeration and Competition factors

Research regarding benefits of industry collocation has been of great interest for over a century. In the end of the 19th century, economist Alfred Marshall (1890) published his findings in his work *Principles of Economics*, giving a vast explanatory textbook over many fields in economics. By studying the many industrial areas in Great Britain, Marshall (1890) noticed how similar types of industries were grouped in certain locations. He concluded that agglomeration of highly competitive industries with minor differences, absent too big advantages from economies of scale, and with proximity to one another, is formed due to competitive capitalism through low transaction- and transportation costs. It enables recruitment of competent workforce and quick information exchange between actors within the area. Additionally, it allows advantages to be gained from local knowledge spillover that occurs in this environment. This contributes to an increased innovation rate among the agglomerated companies and promotes industrial and technological progress.

Economist Paul Krugman (1995 and 1996) later received the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel for his contributions to economic geography, strongly connected to the foundations set by Marshall (1890). He highlights how agglomeration and cluster formation of companies naturally occur since actors seek to exploit external economies of scale in those circumstances. Much like Marshall (1890), he mentions how specialised industries in proximity to one another is a determining factor for said economies of scale to take place. Krugman (1995 and 1996) further emphasises the importance of a deregulated setting which leads to a more open economy. Cluster formation has been observed to thrive in such an environment, despite often leading to higher costs of labour and increased rental prices at the location.

Michael Porter (1990) also built upon Marshall (1890) when developing his theories of competitive advantages derived from locational differences. He analysed company clusters on a national level and investigated the phenomenon more in-depth. The result was a dynamic cluster framework that came to receive broad recognition across the world.

3.4.1 Porter's Diamond

Porter's Diamond framework is a widely acknowledged explanatory model used when studying economic geography. It explains why certain places and regions render locational competitive advantages over others. This is described via four major areas that are interlinked together, generating a coverage of the many aspects affecting said locational competitive advantages. These consist of firm strategy, structure and rivalry, demand conditions, related and supporting industries, and factor conditions.

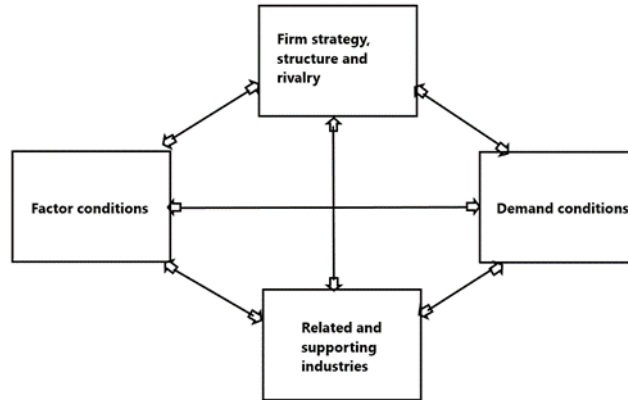


Figure 3.2: Porter's Diamond describing conditions affecting locational competitive advantage.

Firm strategy, structure, and rivalry

Porter (1990) argues that the locational company context and company climate strongly influence the way firms are created, organised, and managed, and the same goes for locational rivalry. Different local/regional/national culture promote certain firm structures to a larger extent, which are more appropriate for success in particular industries. Firm strategy is affected by this local culture through management and organisational styles that are special for the given location. These are sources of competitive advantage to be exploited by the firm.

Company goals and individual's goals also stem from the locational differences that exist. Certain types of ownership structures are common in some locations. The characterisation of these stakeholders then directly influences what goals that are being set. An example that Porter (1990) provides describing this is the contrast between Swiss banks owning a great deal of the shares existing in the nation, as opposed to having many smaller risk capitalists as shareholders, for example in the US. In the case of few powerful owners, their investment horizon is normally much longer and the shares are seldom traded. The opposite can be observed in the US, where faster results are necessary to please the owners. Regarding individuals' goals, their motivation and work ethic, together with willingness to improve, are of massive importance for the overall performance of a company.

Through the existence of one or many rivalling firms, locational competition creates and preserves competitive advantages. It forces the company to innovate and do better in several areas such as pushing prices, improving quality, giving more advanced service options and to constantly update and enhance the products and processes. Further, competition is a driver for companies to search for new markets to exploit. Local competition has seen to have the effect that it hardens the firms giving them a higher success rate once approaching other markets.

Demand conditions

Demand conditions are highly impacted by the local home market's buyer preferences. Demanding customers force the company to improve and innovate to a larger extent,

generating competitive advantages against actors in other markets. Hence, it is more so the character of the demand than the size that is of value for the firm. Porter (1990) elaborates further that locations have different industry segments which render varying focus from companies. Segments that receive higher attention in the home market than elsewhere have several actors and demanding customers to compete with and to learn from. Competitive advantages derived from this can then be exploited in new markets.

Related and supporting industries

Having related and supporting industries present at the location, that are internationally competitive, is the next determinant of competitive advantage in the Diamond framework. These provide the company with quick, low-cost, and high-quality downstream input as a basis to be refined further. Of even greater importance are the lasting collaborations and partnerships, and the constant communication and information flow, between suppliers and the company in focus. Exploiting these channels can be used to rapidly react to changes in the industry and to quickly innovate and adapt to new conditions. This is enabled by locational- and cultural proximity to one another (Porter 1990).

Factor conditions

Historically, resources such as labour, land, capital, infrastructure, and access to natural resources, have affected the outcome of trade and differentiated regions and nations from each other. However, Porter (1990) suggests that this view is outdated, and that human resources and knowledge resources are created rather than inherited. How the underlying resources of regions and nations are supported and developed are much greater factors for success today.

The factors are separated into basic factors and more advanced factors, with the latter providing foundations for competitive advantages to be exploited by the firm. Labour pool and locational natural resources are considered basic factors and are hence not decisive for obtaining competitive advantages. Regarding advanced factors, even having an employment base graduating higher education is not considered a cutting edge anymore. As competition toughens, competitive advantages are scarce and nowadays often require targeted and specialised scientific and economic actions. Simultaneously, creating foundations for generating new factor conditions are equally important. Having research facilities and institutions working in a precautionary manner will defend and protect competitive advantages and deter competition from other locations.

An additional interesting finding presented is how disadvantages within certain basic factor conditions can lead to incentives driving progress and innovation forward. Japan, being an island without real natural resources, still managed to innovate and affect how industrial production was viewed around the world with its just-in-time manufacturing. It was done by creative people finding new ways to solve a current disadvantage, transferring it to an edge instead (Porter 1990).

The connected framework

There is an interdependency between the sections in the framework that leads to components being affected by multiple areas. Weakness in any of the linkages can impact the whole structure. Simultaneously, Porter (1990) describes them as self-reinforcing, having the ability to influence the whole framework. While gaining competitive advantage via one area is not a prerequisite for success in another, the interconnectivity gives strong positive reinforcement. Especially domestic rivalry and geographic proximity are extra influential in this regard. Rivalry in the sense that it drives development in other sections forward, and geographic proximity as it greatly increases interactions within all areas. Porter (1990) concludes that the connected characteristics of the framework give basis for competitive national- and regional cluster formations.

Government and Chance

Porter (1990) regards government and chance as factors with dependencies to the other four areas, however not influential enough to receive their own sections in the framework. The government is considered to function both as a catalyst and as a partial obstructor. While promoting firms to improve and reach higher levels of output quality, also to regulate and set standards to follow. The role of the government is nevertheless best played passively with respect to direct involvement with the industry. Focus should lie on creating an environment that itself is a foundation for fostering competitive advantages. Chance is symbolised through external events that are out of control for the company. It could manifest as radical shifts derived from major scientific breakthroughs, or micro- and macro political changes.

3.4.2 Factor conditions and the Resource-based View

Analysing RBV with respect to locations, similarities with the section “factor conditions” in Porter’s Diamond are easily spotted. Porter (1990) also emphasises how local resources are impacting differences between places, resulting in competitive advantages. These are described as locational competitive advantages by him, hence, related to a certain location. When further comparing Porter’s findings to the theory of RBV, more resembling statements are found. Porter (1990) brings up basic- and advanced factors, which are translatable to the threshold capabilities and distinctive capabilities described in RBV. Dynamic capabilities are somewhat reflected in the importance of having a sound foundation generating and renewing factor conditions at the location. Although Porter (1990) mentions this, the significance of dynamic capabilities in RBV is massive, compared to the slightly lesser focus from Porter.

Considering all the similarities, perhaps what separates the two is of more interest. The Diamond framework stands out due to its interconnectivity between areas, whereas RBV is more one-dimensional. Another difference is highlighted in how disadvantages can work as a driver, forcing companies to compensate, leading to improvements and superior performance.

When examining location decisions made by companies, there is merit to keeping RBV and factor conditions within the Diamond framework separated. Porter (1990) explicitly states that “presence of domestic competitors automatically cancels the types of advantage that come from being in a particular nation”. In other words, factor conditions in a location can lose their competitive value in situations when other more important factors are present. This is inconsistent with the RBV and provides reason to individually analyse agglomeration theory and resource-based theory in case they separately influence location decision processes.

3.4.3 Innovation networks and regional clusters

As of today, the academic literature can be considered unanimous regarding the company value of innovations. Not only is it a prerequisite for competing in a market, but also to remain relevant in a climate where the innovation rate is increasing drastically. Historically, much of this work has been conducted inside the company walls in the form of research and development (Chesbrough 2003). Henry Chesbrough (2003) presented the open innovation model, where the company can benefit from ideas and cooperative innovation work externally. Moreso, a transparent company will further increase both innovation speed and likelihood of success by hearing external voices express opinions on internal R&D.

Another commonly used procedure is to involve customers and end users to help improve products and to review new ideas and prototypes. Especially important are lead users, who represent a group of customers with requirements that are similar to those of the general consumer base. The difference is that lead users will show demand tendencies earlier than the rest, which indicates how market development might turn out (Von Hippel 1986).

Considering the above, a modern company finds itself within an innovation network with ties to suppliers, competitors, customers and consumers. Sölvell (2004) captures how cluster formation enhances regional innovation capacity albeit leading to higher costs and tougher competition for the company. Additionally, Sölvell (2004) mentions knowledge spillover inside the cluster’s innovation network as a factor providing competitive advantages versus other regions. Actors outside the cluster experience it as very difficult to imitate the local knowledge that arises there. Many of the innovations are born in this nurturing climate, with geographical proximity and daily meetings in person as huge contributing factors (Sölvell 2004).

Porter and Stern (2001) examine strategic location decisions for different functions in the company. They highlight how some departments are fitting certain types of clusters better than others. For example, placing managerial functions and R&D in innovation clusters are strongly advised, much due to the advantages earlier mentioned in this section. Production should instead be focused more on areas with low manufacturing costs and with easy access to markets.

3.4.4 High-tech clusters, regional systems, and tacit knowledge

To further elaborate on the topic of innovation and the importance of it, high-tech clusters must be explored as high-tech innovation progress is the pinnacle of radical technological improvements. Or in the words of Barnes and Christophers (2018): “At the eye of the current storm that is the gale of creative destruction is hi-tech. ... hi-tech refers to economic activities driven by cutting-edge technology”. Creative destruction is a term taken from economist Joseph Schumpeter (1942) and is used to describe how capitalism works as both a driver for creation, meanwhile leaving a trail of destruction in its wake. Big technological shifts that stemmed from great innovations always had someone else on the losing side.

Interestingly enough, the economic geography of high-tech development has a recurring pattern. Certain locations have represented disproportionately many of the disruptive companies around the world. AnnaLee Saxenian (1996) conducted a study over the course of many years of perhaps the most famous high-tech cluster in the world – Silicon Valley. Comparing the area to that of Route 128 near Boston, another well-established high-tech cluster, Saxenian (1996) concluded that despite having similar backgrounds emerging from university spin-off companies, Silicon Valley always outperformed the rivalling location. The reason Saxenian (1996) presented can be summarised as a difference in how the regional innovation system presented itself. In Silicon Valley, the regional culture of firms was contextualised by a very open and informal way of communicating between actors, with dense social networks, and it made learning and sharing ideas and information both simple and quick. It is a culture that promoted experimenting and risk taking as interactions with adjacent companies and people in the area were heavily increased. In contrast, East Coast firms around Route 128 were characterised by a hierarchical governance structure with top-down decision making. Company boundaries were carefully kept and it limited the possibility of information exchange within the area. Saxenian (1996) indicated that a potential explanation could stem from differences between West Coast and East Coast cultures, with the open and informal cultural style seemingly suiting high-tech industry development better.

Another key finding was that high-tech knowledge is extremely difficult to get hold of from outside of the cluster area. Similar to Sölvell (2004), Saxenian (1996) emphasises on the importance of actually locating within the cluster boundaries. Gertler (2003) names this “tacit knowledge” and it is best described by the author himself: “... that tacit forms of knowledge can only be acquired through experience. Hence Howells (2000) refers to tacit knowledge as know-how that is acquired via the informal take-up of learned behaviour and procedures. Maskell and Malmberg (1999) go a bit further in asserting that tacit knowledge can only be produced in practice.” Additionally, Gertler (2003) concludes that tacit knowledge is of such a form that it solely can be transferred via social interactions. It cannot be codified or explained in a clear way. Gertler (2003) embodies this in the sentence “since I cannot explain this very well, let me show you instead”.

Placing tacit knowledge in the context of high-tech clusters, it is reasonable to assert that a significant amount of the knowledge in that setting transfers through interactions in person.

Connected to a company's location decision, it further amplifies the meaning and consequences that the choice holds.

3.5 Stakeholder factors

A company's stakeholders are defined as "those individuals or groups that depend on an organisation to fulfil their own goals and on whom, in turn, the organisation depends" (Johnson, Whittington and Scholes 2012). One quickly realises that the number of affected parties by this definition is rather extensive when examining a location choice made by a company. Instead, these stakeholders will here be regarded as parties who, in some way, can have influence over the decision. It is, however, quite obvious that stakeholder influence can come from both within the own company and from external sources. Consequently, an appropriate starting point for discovering who the relevant stakeholders are, is to first examine the internal structure of a company. Below, the classic structure of a firm is described.

3.5.1 Corporate governance structure

Jacoby (2005) compares different corporate governance structures historically and elaborates on how they have changed over the years. In more recent times, Jacoby (2005) explains how ownership and management now often are separated, leading to a hierarchical company structure of stakeholders that influence the organisation. These either hold influential means affecting the ownership or can impact decisions on a managerial level. Johnson, Whittington and Scholes (2012) illustrate the typical governance structure of a publicly traded company in the same hierarchical way. The connections between stakeholders are inevitable when observing figure 3.3. Bonds like these are thoroughly explained in principal-agent theory. Eisenhardt (1989) summarises much of the research on this topic in her published article "Agency Theory: An Assessment and Review". A principal is an entity who pays an agent to perform something on their behalf. In the governance structure in figure 3.3, principals are above their agents, which means that individual investors, or "beneficiaries" as they are labelled here, are the ultimate principals. One core in principal-agent theory is that incentives and goals need to be concordant between the two parties, else troublesome situations can occur. It is reasonable to assume that individual investors can have goals that differ a lot compared to those of, for example, managers and executives at the company. An impacting factor is the difference in information between parties in the organisation and how information tends to change moving down or up the hierarchical structure. Another point lifted by Eisenhardt (1989) is acting in self-interest. It is a possible outcome in such a setting, with managers having their own best interests at heart, looking at potential salary increases or individual promotions.

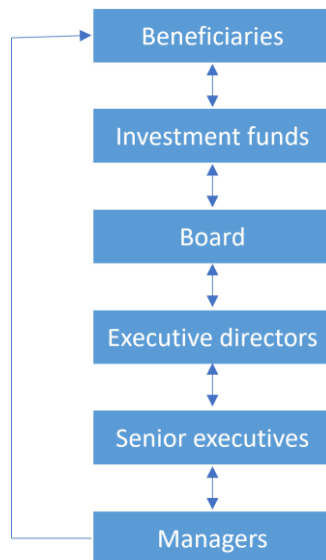
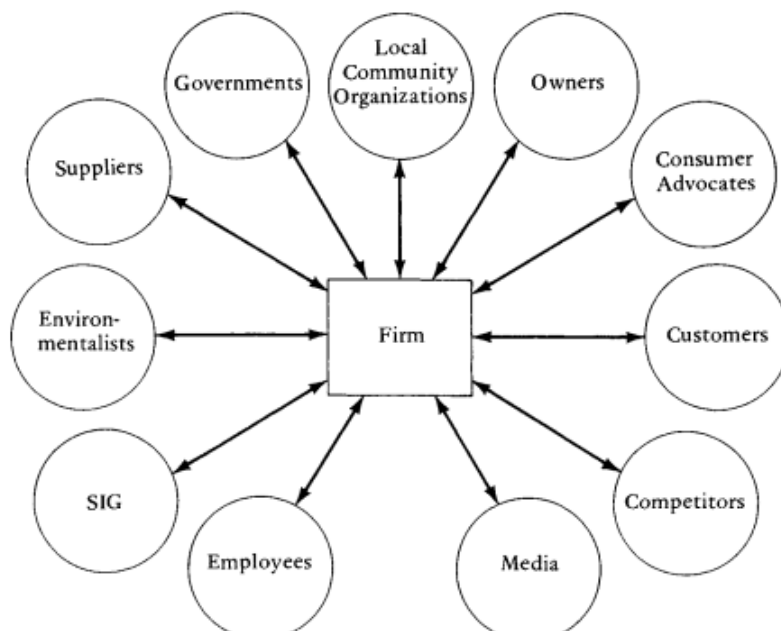


Figure 3.3: Corporate governance structure.

3.5.2 External stakeholders

Stakeholder impact can come from outside the company as well. Freeman (2010) maps out a wide range of influential forces connected to a large organisation. These often have conflicting opinions and imperfect information in comparison to one another, which affect the company in various ways. Since pleasing all parties is close to impossible, the nature of the decision is a deciding factor as to which voice that should be listened to.

EXHIBIT 1.5 Stakeholder* View of Firm



*Stakeholder = Any group or individual who can affect or is affected by the achievement of the firm's objectives. The groups listed here are examples of categories of stakeholders.

Figure 3.4: External and internal stakeholders of the firm (Freeman 2010)

3.5.3 Stakeholder models

To realise who influences a decision, one needs to understand the stakeholders. The traditional structure of a publicly quoted company was explained before, together with principal-agent theory describing corporate relations and the issues the structure entails. However, this image can seemingly be regarded as too one-dimensional in a sense that connections between parties often in reality are more complex. Mendelow (1991) maps out influential factors that help further understanding the stakeholders. Earlier Eisenhardt (1989) elaborated on self-interest, but Mendelow (1991) mentions mere interest, or lack thereof, as a pivotal factor, together with power, in understanding stakeholder's impact. These are relevant to include into the analysis of stakeholder effects on location decisions.

The complexity of the subject can further be studied by applying social theories in the form of actor-network theory (ANT). ANT attempts to explain complicated relations between actors forming networks through different actions. These networks are ever-changing and even the slightest shift can affect the dynamic. Particularly noticeable is the view of "things", such as technology, as entities affecting these networks. Even abstract beings like thoughts and concepts are considered actors. Remaining a bit more concrete, ANT distinguishes between entities by labelling them intermediaries and mediators. An intermediary will not affect the subject that is handled and will act in a predetermined way. Mediators are the opposite, they alter and change the input variable and the outcomes are unpredictable. Latour (2005) describes intermediaries as a black box, with something entering and the same leaving. On the contrary, mediators will have uncertain outputs from their box considering the same input.

In what way is ANT applicable for analysing stakeholders? Law (1997) delivers a helpful example. He shows how power arises from simple things such as having your own private office, your own desk and perhaps even your own phone. Yet, to maintain the image of power, one must remain within a network. As soon as one leaves it, so does the power. Translating this into stakeholder influences over location decisions, it provides valuable insight of how networks affect actions and vice versa, as well as an understanding of where the power resides. Additionally, recognising intermediaries and mediators can provide explanations of stakeholder actions moving forward.

3.6 Theory summary and location decision factors continuing forward

The topic has progressed from an early focus on a location decision from purely economic sources to viewing the firm as a network actor in an increasingly complex environment. To capture and decipher the subject, it was divided into four major areas of contribution as to why companies prefer certain locations over others.

1. Resource-based factors
2. Macro-environmental factors
3. Agglomeration and Competition factors
4. Stakeholder factors

Resource-based factors originate from the resource-based view of the firm. By dividing firm specific attributes into resources and competences, different kinds of capabilities are formed. These separate firms from one another and function as a basis for competitive advantages. Among capabilities, especially strategic capabilities and dynamic capabilities stand out. Strategic capabilities are interchangeable with the commonly used phrase “core competences” and operate as a direct driver for competitive advantages. Dynamic capabilities have been observed to increase in importance as renewing strategic capabilities is crucial to stay competitive today. Some strategic capabilities have over time lost their distinctiveness. Therefore, a division into threshold capabilities and distinctive capabilities was conducted, with threshold capabilities reflecting resources and competences needed to even begin competing, and distinctive capabilities affecting actual said competitive advantages. Applying this on location decisions, locations also possess and inherit capabilities that attract companies in varying proportions.

Macro-environmental factors are characterised by influence from outside of the company. Implementing a PEST or PESTEL analysis helps in discovering how the political, economic, social, technological, environmental, and legal external environments affect the company strategy. Further, a CAGE analysis of locations provides an informative picture of how the region differs, in terms of cultural, administrative and political, geographical, and economic distance with respect to the company. These frameworks are very applicable to company location decisions as the outside forces from external environments give different company settings in which some firms can flourish and some cannot.

Agglomeration and competition factors stem from how industry collocation positively affects company performance and leads to competitive advantages. By having geographical proximity between actors, different types of industry clusters can manifest with rivalling firms, related and supporting industries, competent labour pool, and knowledgeable and demanding customers present at the location. The intense regional presence results in quicker communication and extended collaboration within the area. This often creates a regional culture that is difficult to imitate elsewhere. For instance, the high-tech cluster in Silicon Valley was characterised by a culture of openness and informality among parties, which

ultimately contributed to a social regional network that shared ideas and fuelled collective learning. Much of the knowledge that arises in this setting is of tacit nature and cannot be replicated outside the cluster. In the context of a location decision, this economic geography holds great relevance and could strongly dictate the outcome of where one would want to locate the company.

Stakeholder factors are derived from how different stakeholders influence location decisions. These stakeholders are found both within and outside the company. The general governance structure of a publicly quoted firm is typically portrayed by a hierarchical view, starting with beneficiaries at the top and leaving firm managers at the bottom. Between the different parties, relations can be explained through principal-agent theory. Principals pay agents to perform an action on their behalf. In cases when information, goals, and incentives are differing among parties, risks of having actions taken with self interest in mind are imminent. Further analysis of complex dynamics within organisations is possible through actor-network theory. By exploring intra-company networks and realising who the influential forces are in the organisation, one can discover where the power resides. Understanding these networks are crucial when examining stakeholder significance and how they impact a company's location decision.

As earlier explained, these theories originate from various academic fields and developed over time. Together, they aim to paint a complete picture of potential influence on a company location decision. From narrowing down the collection, the following major contributions and clear reasons were compiled:

Resource-based reasons driving the location decision

1. What are considered threshold capabilities respectively strategic capabilities in the selected industry?
 - Does the location hold the required capabilities?

Some examples of capabilities: Sufficient infrastructure / High-quality human capital / Required natural resources / Sufficient land and fitting space / Possibility for cheap electricity / Suitable temperature.

2. Dynamic capabilities.
 - Does the location have the possibilities to renew and create new strategic capabilities?

Macro-environmental reasons driving the location decision

1. Political.
 - Stable political climate and no corruption.
 - Few regulations.
 - Beneficial taxation levels / government subsidies

2. Economic.
 - Interest and inflation rates.
 - Economic growth.
 - Unemployment numbers.
 - Economic status of the population.
3. Social.
 - Demographics.
 - Cultures.
 - Lifestyle trends and attitudes.
 - Living standards.
4. Technological.
 - Has technological progress affected the decision?
5. Environmental.
 - Did pollutants, emissions or waste have an impact?
 - Effects of climate change, such as extreme weather or natural disasters.
6. Legal.
 - Have any specific laws been influential in the decision and considered?
7. CAGE framework.
 - Has any focus been addressed to the characteristics of the company itself with respect to the location? The cultural, administrative and political, geographical and economic distance.

Agglomeration and competition reasons driving the location decision

1. Firm strategy, structure and rivalry.
 - Is the firm seeking fierce competition in the form of highly competitive rivals at the location?
 - Do firm goals and structure conform with the location and affect the choice?
 - Do individuals' goals at the location attract the company, for instance high achieving workforce both to invest in and to learn from.
2. Demand conditions.
 - Does the company pursue a demanding customer base by locating in the area?
 - Is partly the existing customer base nearby the location?
 - Is the company trying to encounter lead users at the location and establish closer relations with them?
3. Related and supporting industries.
 - Can partnerships and collaborations be developed with local actors?
 - Are existing relationships driving the location decision?
4. Factor conditions.
 - Are human resources and knowledge resources created properly?
 - Are there nearby research facilities and universities?
5. Innovation networks/High-tech clusters.

- Is the company utilising an open innovation model and strives to participate in a local innovation network?
 - Is the industry knowledge intensive with high-tech influences?
 - Are certain organisation divisions placed differently depending on which function it is?
6. Regional systems
 - Is a regional innovation system attracting the company?
 7. Tacit knowledge
 - Is the required knowledge solely accessible at the location and gained through informal meetings and transferred by experiencing it in reality?

Stakeholder reasons driving the location decision

1. The company has a top-down governance structure and location decisions originate from top management within the company.
2. Decisions are strongly impacted by investors or board members.
3. Stakeholders outside the company influence the decision. (See figure 3.4)
4. Principal-agent theory.
 - Are decisions taken with self-interest in mind?
 - Do influential parties have concordant goals?
 - Is the information different among stakeholders?
5. Complex organisational dynamics.
 - Where does the power reside?
 - Are all parties equally interested in the location decision and in optimising the results thereof?
6. Actor-network theory.
 - Can networks within the organisation have affected the decision?
 - If so, who are mediators and intermediaries?
 - How are relationships and networks connected to the location decision?

Refining the list

Covering a list of factors of this magnitude requires an enormous effort. Further reductions were therefore made to deliver a reasonable list of factors, while still maintaining a versatile collection with contributions from the many fields of theory. Some cases were more obvious than others and depending on the industry and variety of locations in the study, certain sections had to be disregarded. The reasons behind these choices are displayed in the appendix at the end of the thesis.

3.6.1 The final list of factors

Resource-based factors

1. What are considered threshold capabilities respectively strategic capabilities in the selected industry?
 - Does the location hold the required capabilities?
2. Dynamic capabilities.
 - Does the location have the possibilities to renew and create new strategic capabilities?

Macro-environmental factors

1. Political.
 - Few regulations and beneficial taxation levels / government subsidies.
2. Economic.
 - Economic growth in the region.
3. Social.
 - Cultures, lifestyle trends and attitudes.
4. Legal.
 - Have any specific laws been influential and been considered prior to the decision?

Agglomeration and competition factors

1. Firm strategy, structure and rivalry.
 - Is the firm seeking fierce competition in the form of highly competitive rivals at the location?
2. Demand conditions.
 - Is partly the existing customer base nearby the location?
3. Related and supporting industries.
 - Are existing or potential relationships with related and supporting industries driving the location decision?
4. Clusters and locating corporate departments.
 - Are certain organisation divisions placed in different types of clusters depending on which function it is?
5. Regional systems.
 - Is a regional innovation system attracting the company?
6. Tacit knowledge.
 - Is the required knowledge solely accessible at the location and gained through informal meetings and transferred by experiencing it in reality?

Stakeholder factors

1. Which stakeholders within and from outside of the company are influential?
2. Principal-agent theory.
 - Do influential parties have concordant goals or are decisions taken with self-interest in mind?
3. Complex organisational dynamics.
 - Can actor-network theory assist in explaining complex relations within the company network? Who holds actual power?

4. Empirical Findings

This chapter covers the data collected via eight separate company interviews. It is presented with a two-step process in mind, where the context of the case first is created, and then is followed by direct linkages between areas of theory and practice. In some cases, additional findings outside the predetermined scope were found. These are then displayed in the last section of the associated case. At the end of the chapter, a summarising table of all cases is showcased.

4.1 Case 1: Ekens Assistans

4.1.1 Company history and location information

Ekens Assistans is a medium sized actor in the personal assistance industry, targeting people of all ages who demand the service. As of today, their personnel consist of about 300 employees, and the company is located in Furulund, Kävlinge municipality, Skåne county. Approximately 5000 people are currently living in Furulund (SCB 2020). Visiting the town, it can be described as a smaller city with some rural features. Ekens Assistans is a part of a company group with the same name, also containing Ekens Omsorg, which specialises in domestic services, and Ekens Kompetens, which concentrates on RUT-services.

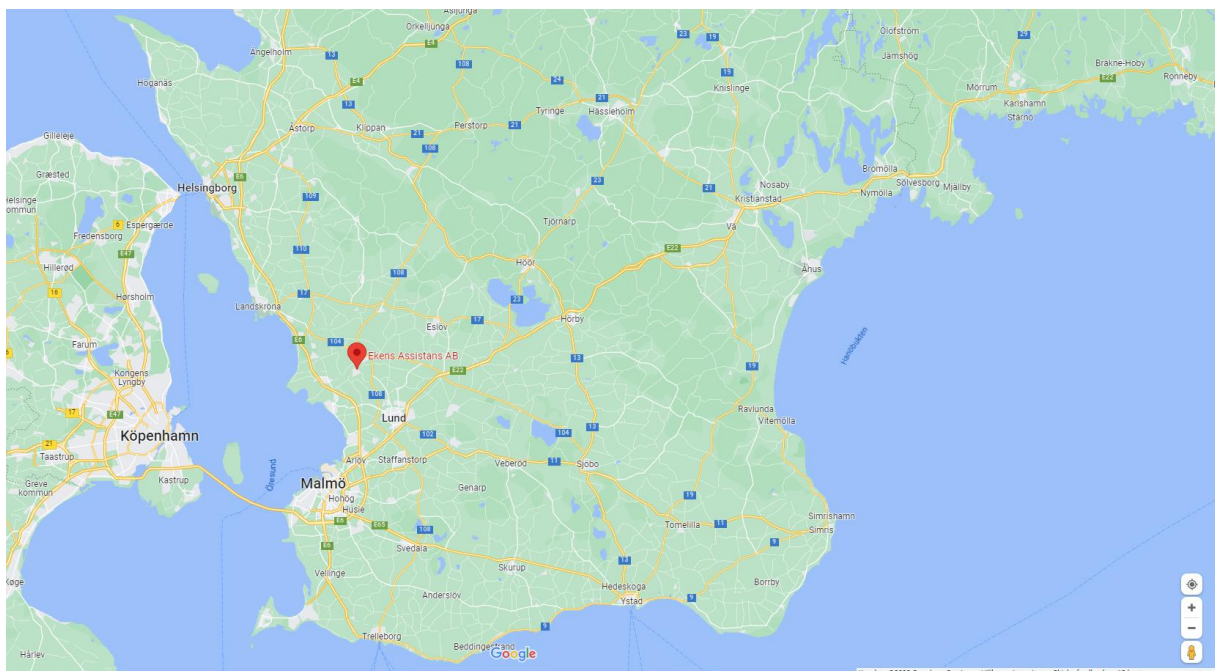


Figure 4.1: Location of Ekens Assistans in Furulund.

After working many years within the Kävlinge municipality owned organisation with similar tasks, Ulla Persson had the great idea of creating her own business helping people with personal assistance. She felt that manoeuvring her own company would give more control and

would lead to easier decision making, as well as an opportunity to improve the services given to customers. Concurrently, several customers had been contacting Ulla requesting her to investigate the possibility of starting her own business for personal assistance. With the support of her family, her ambitions were realised. The year was 2009 and Ekens Assistans has been present in Furulund ever since.

4.1.2 Interviewee background and company role

Mattias Persson, son of founder Ulla Persson, is the current CEO of Ekens Assistans, who kindly enough agreed to participate in the study. He has a background in economics and has previously been working with production, production development and product quality issues. Along with the business expansion of Ekens Assistans, Ulla wanted to work closer to the customers, which led to Mattias stepping in as CEO.

4.1.3 Interview findings

From the interview, several interesting discoveries regarding the location decision of Ekens Assistans were found. These will be presented in the, by now, well-known structure of four contributing areas of factors.

Resource-based factors

Numerous important factors were highlighted by Ekens Assistans that can be traced to resource-based reasons for locating in Furulund. First, the site had to be accessible by car since many customers were arriving either by driving themselves, with the help of their personal assistant, or via shared mobility services. Consequently, a big parking space was required to fit all cars. It was also necessary that the premises were located on the first floor due to difficulties for customers walking up one or many stairs. Another prerequisite was having stable and high-speed internet connection, a requirement that perhaps sounds basic today, but was a realistic concern about 20 years ago. Good means of commuting, mostly for employees, were also considered and labelled a must. Additionally, having a labour pool of potential workers present at the location, with some experience within caretaking or similar industries, was important early on for the decision. Being close to universities or high schools was also looked at due to the option of utilising students with flexible schedules to fill in when regular employees call in sick for instance. This is a crucial factor when dealing with personal assistance since all personnel must be easily replaced when needed due to the severity of some customer's conditions. Financially, Ekens Assistans did not use any form of external investors when initiating the business, which led to costs of the office space being a factor to take into consideration as well. Concerning how the company prioritised between impacting resource-based factors, all were regarded as equally important, and no further assessment was made to rank them individually.

Macro-environmental factors

Operating in the personal assistance industry, one relies much on the political agenda of the region the company is residing in. All municipalities have their own degree of publicly financed privately conducted businesses. In other words, it is beneficial if a large amount of the personal assistance supplied in the region is from these types of businesses, and not provided by the municipality owned organisation instead. Of course, this caused Ekens Assistans to analyse past, present, and future political governance in Kävlinge to spot what the trend was like. Simultaneously, Kävlinge municipality had been investing much in the economic growth of the region, labelling itself as a company friendly environment to attract new businesses and increase the population. It was perhaps not a deciding factor, but something that was reflected upon by Ekens Assistans prior to the location decision. Lastly, a small consideration was made towards the attitude of the people in the region and how they felt about personal assistance. It was made from a hiring perspective and not in a sense of how they reason as potential customers.

Agglomeration and Competition factors

This section came to be very influential for the location decision of Ekens Assistans. The overall most important factor that led to the decision selecting Furulund as the location, was proximity to their customers. It was the customers who had a great part in the creation of the company in the first place, and these were predominantly located in Furulund and Kävlinge municipality in general. Other parts of Kävlinge municipality were considered, both Kävlinge town and Löddeköpinge, but the customer ties to Furulund decided the matter, together with the suitable resource-based factors earlier. Covering other parts of agglomeration and competition theory, Mattias mentioned having cooperative activities through education events with lectures in which the company and their competitors jointly participates. Some events are organised by the Kävlinge municipality organisation which enables cooperative relations with them and actors in the area. However, this had minor influence prior to the actual decision and was more seen as a positive result of locating there. Mattias also explained that a great number of rivalling actors are based in Skåne and especially in the southern part where they themselves operate. Humana was mentioned as they have a large share of the market currently, and the industry is rather small in terms of different actors. Approximately 700-800 active companies are present in the whole country today according to Mattias. The rivalling firms are not seen as competitors solely. They are viewed as colleagues in a sense due to the joint events held and are regarded as someone who you can discuss changes in laws or regulations with. Since the location decision already had somewhat set geographical limitations being in Kävlinge municipality, this was not seen as very impactful by the company before setting up the business.

Proceeding into more detailed features of the area, some significant findings were made. Due to regulatory changes in 1994, the person eligible for personal assistance now received targeted fundings which could only be used on exactly that. It was not mandatory to spend the money on personal assistance prior to the change. This led to a growing concern among the

customers of what their funds actually went to. Consequently, Mattias described that a key reason to locate in a more rural area, and not in a centrally located fancy office space for instance, was the company image and how it helped against customer suspicions of fund mismanagement.

Stakeholder factors

Before finalising the location decision, discussions were held within the owner family. Ulla Persson and her children were evaluating advantages and disadvantages with the different location options in question. Ulla being the founder and driving force initially, had the final say in the matter, but they were all devoted, and contentedly agreed upon the outcome. Furthermore, at the time of the decision, no external influences were affecting the considerations in the form of stakeholders from outside the company.

Additional findings

Additional results outside the scope of four contributing areas of factors were also discovered. Mattias explained a bit about how the company would have reasoned if the decision was performed today. Potentially, the company would have investigated the option of establishing the business in Lund rather than Furulund. Nowadays, many customers are from there and a lot of great opportunities for increased office space are available.

4.2 Case 2: Beskows Drycker

4.2.1 Company history and location information

In 2015, after working many years within the beverage industry, Fredrik Beskow began exploring the possibilities of starting his own business. He had then been contemplating for several years whether to chase his entrepreneurial dream of becoming a self-employed actor in the industry, or to continue the same path as before. During his parental leave, he finally found himself with enough time to develop the foundation of what came to be Beskows Drycker. It took about a year to shape the company value proposition and in 2017, the first product batch was completed. Today, Beskows Drycker is a start-up cidery/winery located in Båstad Företagsby, on the Bjäre peninsula, Båstad municipality. After a couple of years outside of Kristianstad in an early start-up phase, the company moved last autumn to the location that Fredrik all along desired, namely Bjäre. The area is a scenic peninsula, known for cultivation of fruits and potatoes among others, and visitors come every year to experience great views and good hiking trails. Beskows Drycker focuses on sustainable, high-quality, non-alcoholic beverage options, mainly as alternatives to alcoholic dinner drinks. Currently, its only employee is Fredrik, who basically handles most company matters himself.

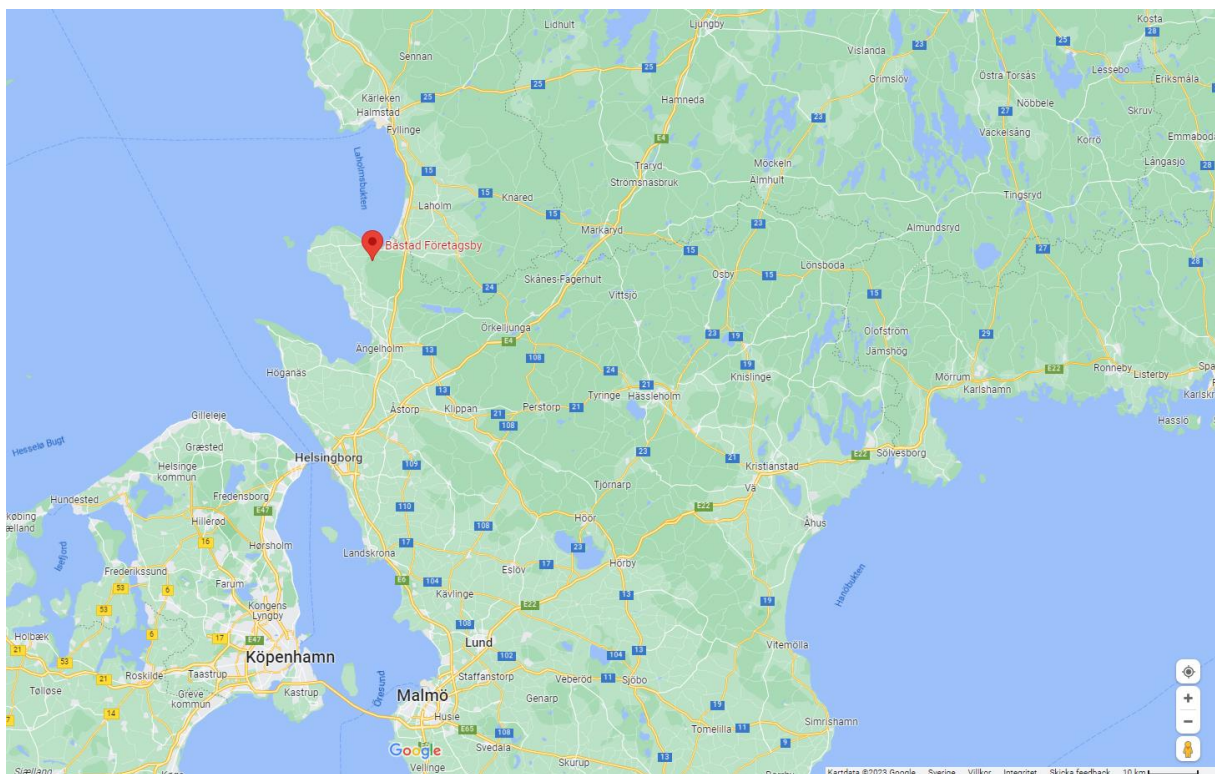


Figure 4.2: Location of Beskows Drycker in Båstad Företagsby.

4.2.2 Interviewee background and company role

With an academic background in food technology at Lund University, and after working multiple years at Absolut and Pernod with alcoholic beverages and the distribution of them,

Fredrik had a wide knowledge foundation to utilise when beginning his entrepreneurial journey. For many years he had noticed how the beverage industry more so leaned towards cutting costs and making profits, while neglecting quality and sustainability. By starting his own business, he was able to control which products to use, their origin, and how the production process was conducted. As of today, he is the company CEO and sole employee, with ambitious goals of becoming a powerful player in the future, able to influence the industry into making more environmental choices.

4.2.3 Interview findings

The location decision examined is that of the recent move to Båstad Företagsby in Bjäre, Båstad. When talking to Fredrik, several interesting findings were discussed, covering many of the hypothetical factors from the theoretical foundation presented earlier, as well as some new discoveries.

Resource-based factors

When selecting a fitting location for the company, the first concern was the quality of the input variables. In other words, much focus was placed in finding a location that could create outstanding raw materials in the right way. A noteworthy addition here was that the area was not required to possess these resources to begin with. More importantly, it needed to have the potential to create and develop something that would perfectly match the demands of the company in the future. Especially this untapped potential is much highlighted during the interview since the location had to have the correct conditions for future company growth. Both in terms of types of vegetables, fruits, and berries cultivated in the area, and more importantly what achievable production volumes there were. Fredrik also mentioned how a bit of that potential is reflected in the way Bjäre resembles areas in northern Spain that have developed into gastronomical hotspots over the years. Similar to the centres for culinary development there, he has hopes of having more universities, restaurants and research facilities located in Bjäre in the future. This was, however, not as crucial as the other resource-based reasons before finalising the decision. Geographically, the location had to be somewhat logistically accessible for partners, suppliers, visitors, and customers as well.

Macro-environmental factors

Before choosing Bjäre, Fredrik did some research himself regarding how entrepreneur friendly the municipality was. He then recognised that many other smaller businesses were located in the area. Another factor that held great significance was the general opinion in the region towards the type of business he wanted to establish. The local community in Bjäre was very committed to improving the area and welcoming towards new actors. Additionally, there were organisations and companies that had a great will to invest more in Bjäre, and these growth possibilities were attractive for Fredrik. It was, and is, essential to have an inflow of funds to expand the business further, but not at the expense of “the heart and soul”, or “funding with the heart in the right place” as Fredrik puts it. The social community of people,

organisations, municipality, and companies were all very keen on the economic growth of the region, which all together impacted the decision.

Agglomeration and Competition factors

At the very end of the decision-making process, Fredrik narrowed it down to a few options. One of them was Österlen, a location with similar characteristics as Bjäre, and with extensive business already in the wine- and cider industry. Unlike many, Fredrik sought to avoid this competition and to find a location that was not as saturated in terms of actors, and with even more local and adaptable production capacity. Prior to the business establishment, he then went to Bjäre to scout potential partnerships with local owners of orchards and to discuss possible ways forward together. This was a necessary route to take since Fredrik was pursuing the perfect raw materials, cultivated in the correct sustainable way without nitrogen involvement. All along his entrepreneurial journey, it was always apparent that he did not want to grow the raw materials himself. Instead, he aimed to use the life-long experience of the cultivators at the location. Fredrik realised that he then needed close relations with his suppliers and insight in their production to achieve what he requested.

The company is now residing in Båstad Företagsby, a small company cluster of different kinds of businesses. Fredrik explained that he has tried and considered other types of locations in the area, but the one that suited Beskows Drycker the most in its current state was a company dense environment. It gives him the possibility to have a space where he can easily meet others, and such a place is also important since it brings increased exposure for the company. Additionally, he got a nice feeling of the atmosphere and local spirit when visiting the cluster.

Due to time constraints of being the company's only employee, Beskows Drycker has not had time to fully explore the local customers in the area. There is, however, great potential in doing so and increasingly more actors are popping up with shops and stands nearby orchards and fermentation facilities. Compared to how it was just five years ago, it seems like others have observed the same potential in Bjäre as Fredrik has seen.

Stakeholder factors

It was only Fredrik, with some assistance from his wife, who participated in the location discussion. The final selection had to work from a family, and a company, perspective. Prior to this decision, he had some plans on having a joint business with a cultivator, and in that case, there was some pressure from outside stakeholders on the type of location chosen. For example, to receive funding from the European Union, the business had to be placed in a rural area, which would have made his current spot in Båstad Företagsby impossible to maintain.

Additional findings

During the interview it becomes clear that the main company focus is to find value in sustainable alternatives to what the current market is presenting. To communicate this in a credible way, the business had to account for how every step in the supply chain was conducted, as mentioned in the sections above. Even more importantly, Fredrik simultaneously sought a location that would embody this value in terms of visual features and reputation. He wanted to utilise the location brand, a strong and recognisable name associated with the right things. Adding all these parts together, the company could present a complete story of sustainability, matching the value proposition he envisioned long ago. It was therefore an important factor to establish the business in Bjäre, so Beskows Drycker was able to market itself as a company from that region. Having more presence in the form of an actual store close to the orchards, or the production facility, would further increase the exposure and strengthen the brand origin. It is difficult to present the Bjäre brand without physical connection and some local sales in the region, Fredrik explains. That will hopefully become reality in the future.

4.3 Case 3: Volvo Car Group – Volvo Cars Body Components (VCBC)

4.3.1 Company history and location information

The well-known Swedish car manufacturer Volvo has an extensive history, stretching back to 1927 when the company was founded in Gothenburg by Assar Gabrielsson and Gustaf Larson. Today, it is a conglomerate of separate affiliated companies and business units, spread across the world. These have had different ownership structures over the years, with shifting majority shareholders. Focus will be put on Volvo Car Group, and more specifically their production of car body components in Olofström, Blekinge county. Olofström is a small city with a little bit less than 10 000 inhabitants (SCB 2020), located in the western part of Blekinge county. Volvo Cars Body Components is today the largest operating actor in the county.

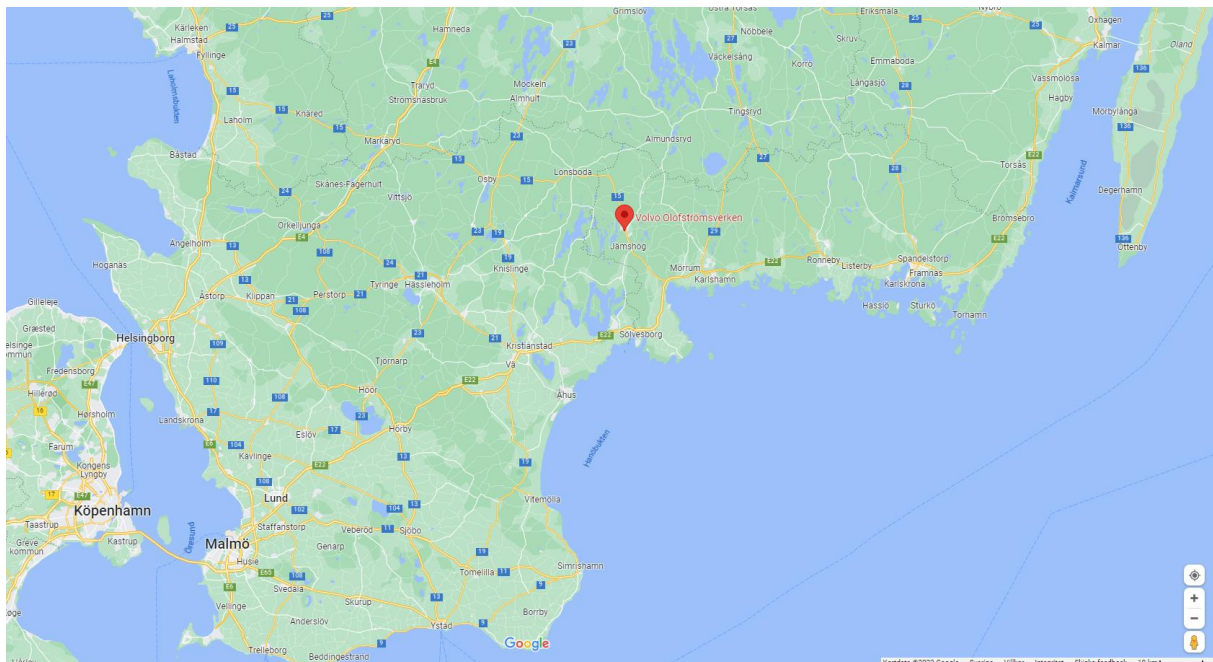


Figure 4.3: Location of Volvo Cars Body Components in Olofström.

Ever since its founding, Volvo has had car body components being manufactured in Olofström. Initially as an external partner, and later as a part of Volvo Car Group. More precisely, Volvo acquired the factory in Olofström 1969 after approximately 40 years of close cooperation. At the time, the production facility was the single largest of its kind in northern Europe with over 5000 employees. The production at the location used to provide car body components for the entire Volvo product catalogue and is still responsible for a great deal of the manufacturing for the company. About 2400 employees constitute the workforce as of today, counting personnel both in and around the factory.

4.3.2 Interviewee background and company role

The interview was held with Elizabeth Evertsson, Human Resources Business Partner at VCBC, and later Andelko Cituljski, Head of Communications at VCBC, supported with additional answers to some of the questions. Elizabeth has a background in different positions related to HR and has been working at Volvo Cars in Olofström since 2010, apart from two years when she was employed by the Bromölla municipality as a HR specialist. As for Andelko, he has been active within VCBC his entire professional career, with positions in production, business development, and communication. It was a pleasure hearing about the business in Olofström and gaining insight in the company operations at the location.

4.3.3 Interview findings

This location decision can be divided into two significant parts. First when Volvo decided to partner with the business in Olofström 1927, and later when they took over the factory themselves. Before being fully owned by Volvo, a big majority of the business was conducted in cooperation with them and 20 years prior to the shift in ownership, the Olofström industry was supplying Volvo with complete sets of body components for all products. To fully understand the location decision, both the partnership in 1927, and the acquisition in 1969, need to be accounted for.

Resource-based factors

Olofström has had a long tradition of metal- and plate work, and with respect to Volvo's business, metal- and steel-forming knowledge. Even before Volvo began to exist, the area was well recognised within this industry. Already 300 years ago, the first approved actor in the area established business there. If someone searched for competence within this field, then they would turn to Olofströms Bruk (later Svenska Stålpresnings AB). Olofström has historically resembled a "mill town", where much of the opportunities for employment were found in the local industry. In turn, it resulted in the knowledge base being preserved over generations. Consequently, there was a foundation of very skilled workers at the location that were difficult to come by elsewhere. This had strong impact on the choice of Volvo to partner with Svenska Stålpresnings AB.

After manufacturing the parts, historically a large percentage has been sent to the facility in Torslanda. As the company's presence has increased over the world, so has also the number of destinations to which VCBC acts as a supplier. Nowadays, the production facility in Ghent receives much of the output, followed by factories in China and the US. 94% of all transports are conducted via train and the rest are done by boat or trucks. Consequently, having railway access is essential for the location. This held even more significance back in the day when almost all transports were railway based. Furthermore, having enough space to build on and especially later to expand on was very impactful for the decision. Production at the site has since then been increased and is currently containing five big metal press machinery. These

are stationary and, hence, very problematic to transfer. Operating such machines is demanding work and further adds to the value of competence in Olofström.

Macro-environmental factors

There were no macro-environmental contributions found when speaking to Elizabeth and Andelko. At the time the cooperation between the two companies began, production was on a smaller scale, so these kinds of factors were not influential enough. To get the business up and running was a bigger concern than finding politically beneficial differences or comparing economic growth.

Agglomeration and Competition factors

The main reason for establishment at the location was the state of the art knowledge within metal press work that was found in Olofström. It has developed through close cooperation between industries in the area, which nurtured and renewed this skill over many years. Even before Volvo conducted any form of business there, Olofström functioned as a centre for metal press supporting industries that were benefitting from being located close to the ironworks. Ever since the beginning of the partnership with Volvo, and especially after Volvo acquiring the production facility themselves, additional supporting industries have followed. Many started as internal functions for Volvo, and later continued as independent Volvo suppliers. Together these industries are forming a metal press and metal work cluster in Olofström. Some examples of related industries are training and education centres, and spare part and stock keeping companies. In addition, some suppliers nearby are supporting with certain dimensions of cut plate. Regarding the company customers, they are located across the world, to which they supply vehicle body components. As a result, these have little impact on where the business is located today.

Stakeholder factors

Having all car body components manufactured in Olofström was the first decision made and the starting point of the ongoing cooperation between Volvo and Svenska Stålpresnings AB. The background was an agreement between the Volvo founders Assar Gabrielsson and Gustaf Larson, and the engineer Karl Granfors, who represented Svenska Stålpresnings AB. Karl Granfors received the task to travel to Detroit and study car manufacturing. Detroit was at the time regarded as the most prominent place in the world for the automobile industry. Once Karl Granfors returned with several new insights, many of the parts for the first Volvo model were manufactured in Olofström.

As for the decision to acquire the production facility, Andelko showed an old newspaper article dated to 20th March 1969. It described how negotiations for contract renewal between the two parties Volvo and “Olofström AB” (previously Olofströms Bruk and Svenska Stålpresnings AB), were held. Volvo aimed to double production in the 1970s and as a step in that process the company acquired Olofström AB from former majority shareholder Alfa

Laval. Back then, Volvo was the only large car manufacturer in the world without in-house car body production. Olofström AB also had motives to sell. It would secure business in the region for a long time forward, which was of great importance due to the production facility employing over half of the people in Olofström. As for external stakeholder involvement, Alfa Laval needed to free up funds since the company had consolidating plans of their business abroad coming up.

Additional findings

Through the purchase of the production facility in Olofström, Volvo were able to rationalise the business at the location. It was a necessity due to the expansion goals of the company. At the time of the acquisition, it was a win-win situation for all involved parties.

Today, the location is perhaps not considered the most optimal one from a logistical standpoint. “Build where you sell” is the overall company strategy and since much of Volvo’s business nowadays is conducted abroad, potentially other locations could be more adequate. There have already been establishment of smaller car body components manufacturing facilities in connection to Volvo Cars’ factories across the world. Simultaneously, trying to relocate the current production facility elsewhere would be extremely difficult and very costly due to the complex press automation lines that are driving the business. Instead, a lot has been invested in the area to keep it competitive, so it maintains its cutting edge. Another factor that has enabled the company to remain in Olofström is its flexibility. As new production techniques have surfaced, the company has been able to adapt and stay relevant. Many industries in the area are also dependent on Volvo and build their entire business on the relationship with the company. In a scenario of a potential relocation, the company would also give up the biggest asset – the competence. The employees are described as very loyal by Andelko and that is something the company highly values. Altogether, the future of Volvo Cars Body Components in Olofström is therefore very important in many aspects. The current situation can best be explained as being exposed to internal competition, in the form of other means to supply the same product. Therefore, a major focus is on developing and optimising the business at the location constantly. A way of doing so is through improved high-quality transportation, done in a sustainable manner.

4.4 Case 4: BLS Industries

4.4.1 Company history and location information

The family-owned company group BLS Industries has a history traceable back many generations in the Spånberg family. Already in the 17th century, there are records of them being active as blacksmiths and craftsmen. As for the company background, in the early 1900s, Sven Spånberg, CEO at the time, started manufacturing in large scale by taking over two major production facilities in Småland county, Sweden. Over the following years, several major acquisitions were conducted, and the company grew in size. One of these was the purchase of Sjöbo Bruk in 1945, a location where much of the focus during the interview was placed. Today, BLS Industries consists of three production units in Ystad, Smålandsstenar, and Lönsboda, as well as sales offices in several other locations in Scandinavia, together with additional presence elsewhere. The company is among the market leading businesses in sanitaryware in Scandinavia as of today.

Around 10 years ago, the business relocated from Sjöbo to Ystad, both in Skåne county in the most southern part of Sweden. This is the location decision that Rebecka Spånberg, company CEO, spoke thoroughly about regarding the background motives and company history in the region. At the BLS Industries production facility in Ystad, currently about 130 employees are working in different positions in manufacturing and with surrounding functions. Ystad lies directly by Östersjön in southern Skåne and is inhabited by around 30 000 people (SCB 2020). Having visited the location many times myself, it has beautiful features of old historical buildings and nice sceneries.

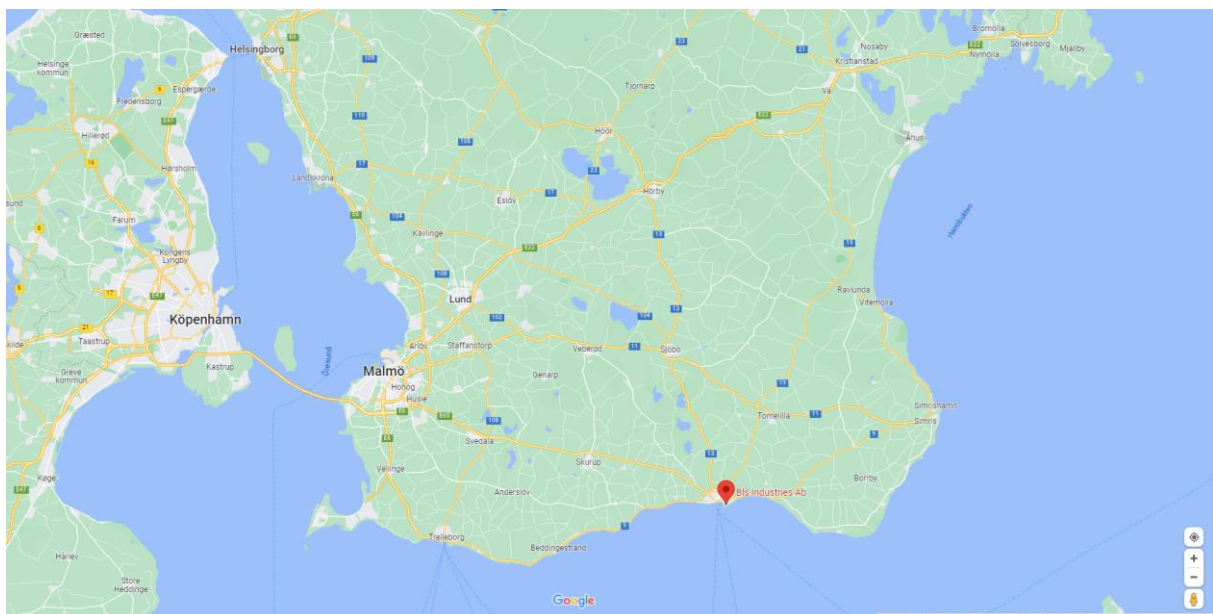


Figure 4.4: Location of BLS Industries in Ystad.

4.4.2 Interviewee background and company role

Rebecka started her education with Civil Engineering studies in Stockholm and later transferred to Lund and LTH, where she switched into the Industrial Engineering and Management programme. Consequently, she had a broad base of knowledge to utilise from both programmes, applicable practically and theoretically on the business of family-owned BLS Industries. After graduating, she was employed by Skanska in the construction industry, and it gave further relevant insights since much of the business of BLS Industries is done as a supplier for construction companies. Today, Rebecka is the company CEO, as the fifth generation that is driving the operations.

4.4.3 Interview findings

From the interview with Rebecka, it became apparent that to fully understand the location decision of the business placement in Ystad, one had to account for the company history in Sjöbo as well. The findings are divided into the same areas as in the other cases, but a strong emphasis is put on the additional findings presented last in the sections below.

Resource-based factors

When the company acquired Sjöbo Bruk, the major reasons were resource based. The factory had railway access and it was crucial for the transportation possibilities that it enabled. Furthermore, there was a background of business in the casting industry through Sjöbo Bruk, which gave a foundation of skilled workers that BLS Industries could utilise. Lastly, the facility was suitable for the production that the company aimed to perform. Over the years, the investment in the area then increased and it resulted in a site consisting of six separate buildings with four additional storage halls. Having products and material transported across all of these was a time-consuming task, hence the search of a more suitable solution started.

It was important that all operations would be placed under the same roof. A list of optimal facility characteristics was then put together, and the requirements were the following:

- At least 16 000m² factory area, with an oval shape like a loaf of bread.
- Adjacent office space.
- An approximate investment of 200 million SEK.
- Geographically not too far from the previous facility in Sjöbo.
- Good-enough logistics with truck/railway access.

The company Draka Kabel in Ystad was at the same time phasing out the business and an opportunity to purchase their facility presented itself. Coincidentally, the factory was 19 000m², with an ideal shape and with adjacent office space, all to a cost of 50 million SEK including renovation. Ystad had great access to railway, and just outside the facility lies highway E65, which makes it convenient for trucks. Another important factor was the means of commuting to the location, and there were better possibilities to go there by bus or train for the employees. Additionally, Rebecka described how the level of remoteness of the location

affected the company's chances to attract new employees with the right qualifications. The further the company site would be from, for instance universities, the more difficult it would be finding these competences. It led to some locations being disregarded in the decision process.

Macro-environmental factors

Before finalising the decision, several other locations were analysed. When doing so, discussions with the local municipality governance were held. One potential option was to also place the new site in Sjöbo municipality. However, from the conversations with the governance, it became clear that the only possible place would be up in the north-eastern part of the municipality. That would mean a more remote location and therefore those plans were scrapped. Another idea that BLS Industries investigated was to build a site in Staffanstorps municipality. A concern would then be the increase in cost of labour that is apparent the closer you get to the surroundings of Malmö and Lund. Simultaneously, being present in Sjöbo/Ystad meant a premium had to be paid for the commute of competence from these regions. All together it was a balancing act, and the conclusion was that Ystad prevailed in that regard as well. In addition to the other beneficial reasons mentioned, it was positive to see the economic growth in Ystad, with increasing amounts of companies locating there and consequently a larger inflow of people as well.

Agglomeration and Competition factors

BLS Industries has over time developed a close cooperation with the governmentally owned employment supporting company Samhall, and about 50 people of the current workforce are hired from there. Since several of these have disabilities, extra care had to be taken when catering to their needs. This was especially applied to the travel distance, but prior to the establishment in Ystad, the company received an "ok" in that regard. In Ystad there was a better range of service industries such as cleaning services that the company could use. It was however more of a positive effect from the company move rather than a deciding factor behind the decision.

Another topic that was investigated was local competition, especially in a sense of how saturated the labour market was. An aspect connected to this was if the company would be contested by other actors in the region when trying to attract competence. BLS Industries reasoned that it perhaps was possible to decrease inflow/outflow of personnel and have longer employments if the company was less contested. As of today, there are no major competitors nearby.

Rebecka also touches upon an additional significant factor with respect to the market presence of BLS Industries. The most important market is Sweden and so it has been historically as well. Thus, maintaining production in Sweden with proximity to customers was a must when they decided on which location to pick.

Stakeholder factors

The parties influencing the decision were Rebecka's father who was CEO at the time, the management team, and the owners. They represented slightly different perspectives with the site manager, for instance, having much knowledge of the employees and their wants and needs, then there were others who were more visionaries. Overall, the final decision was received quite well by everyone and only 2 people out of 130 decided to continue their careers elsewhere due to the increased distance to commute.

Regarding external stakeholders, Ystad municipality governance was active in the discussions and had a very positive attitude towards the prospect of potentially gaining many new job opportunities. As a result, they actually extended the Skånetrafiken bus connection to Ystad from Sjöbo by one stop right outside the company gate so many employees could conveniently go from A to B. BLS Industries could also negotiate beneficial terms for internet fibre and district heating with a pleasant result. Rebecka labelled these as "soft" reasons, they held significance but no decisive power.

Additional findings

In previous sections the geographical proximity to the former location in Sjöbo has been mentioned. This was the single most important attribute that the company accounted for. For BLS Industries, there is nothing more valuable than the well-being of the employees. It also becomes very apparent when interviewing Rebecka, since every subject gone through is partly also connected to the workforce and how it affects them. There is a long history of the business in Sjöbo and many of the current employees either live there or nearby. Taking this into account, it limited the options vastly, but it was no question about it being the right choice. The greatest company value lies within its people, Rebecka explains. Competence builds value, and it is the single-handedly most important thing to hold on to. Today, it is scarce and very expensive. If you already have it, why put yourself in a situation where you risk losing it by moving too far.

Whether one likes it or not, eventually there will be changes in the labour force and as the industry shifts, increased focus is needed to attract the right people to the company. Ystad was a more appealing location in terms of city size and features, and it has helped to market the company to the wanted competence residing in Malmö and Lund. This had a major influence on the choice of Ystad in the end. To continue the subject, locating in Ystad also had benefits in terms of what image the company wanted to display. Visitors are one hour by train from Kastrup airport, and they can enjoy the scenery and different activities the city offers. Also, this image goes hand in hand with the sustainable side the company wants to portray.

4.5 Case 5: Tetra Pak – BIG DRUM

4.5.1 Company history and location information

BIG DRUM was founded in 1928 by brothers I.C and J.T Parker in Fort Worth, Texas, under the former company name Drumstick. The two brothers sought to find a solution to the very popular invention - the ice cream sugar cone, getting too soggy when packaged and transported to customers. In cooperation with Ohio State food scientists, they found out that if a layer of chocolate was coated on the cone, it would be preserved much better. After the world war, there was a huge demand on ice cream, and consequently sugar cones, in Europe and the company expanded its production. The very small town Gudensberg in the centre of Germany was chosen for the first new site, and it is also the hometown of Matthias Ruppert who participated in the interview. At the time, the town only had between 3000 – 4000 inhabitants. Along with further increase in demand, the bakery operations quickly spread to Spain, Norway, Poland, and Italy. Up until 1980, the company was owned by the Parker family and subsequently several different owners have been in charge of the company. Among those are food- and drink conglomerate Nestlé in 1991, some investment firms, and now since 2017, the world leading package material and packaging solutions multinational Tetra Pak.

In the middle of the 1980s, BIG DRUM also started manufacturing filling machines in Europe. It was an operation that had been ongoing for about 20 years already in the US part of the company. Back then it was accustomed that suppliers of sugar cones also provided supplementary machinery to fill the cones as well. Employees of the company then worked partly in Germany and in the US, as a way of transferring competence between the two parties. In addition, BIG DRUM hired several people locally and trained them. Another smaller production facility for filling machines was later established in Spain and there evolved a close bond between the two company sites with this kind of production in Europe.

Around 1990, the filling machine part of the business was growing rapidly, with sales of machines as supplements to sugar cones, as well as independent sales of filling machines. In 1991, Nestlé acquired the company, and in Europe it resulted in many previously open doors of customers now being shut due to their rivalry with Nestlé. Consequently, business of BIG DRUM was dropping, and a management buyout just three years later was inevitable. This change also brought along a different organisational company structure, and continuing forward, the US part and the European counterpart were independent entities. Still, ongoing cooperation between the two newly formed companies was present in the form of know-how exchange and meetings in joint exhibitions.

As the company continued to grow, more space of land was required to satisfy the customer needs of filling machines. Here, for the first time, the location Edertal is mentioned by Matthias. Edertal is a small town in a municipality with the same name, located about 20 kilometers from Gudensberg. In the whole municipality, only 6000 people live currently. It

was here BIG DRUM decided to expand the filling machine manufacturing. Gradually more of this business was transferred from Gudensberg to Edertal, and in 2011, the current owners decided to sell the machine shop in Edertal as a detached entity to a German private investment firm. This firm only aimed to make a good investment and it was not an optimal situation for BIG DRUM. Then in 2017, the current owner Tetra Pak decided to acquire the company, which now goes under the name Tetra Pak Processing Equipment GmbH.

Today, the company is a world leader in high-capacity filling machines for ice cream with installations on every continent in the world. Furthermore, machines for liquids such as milk and yoghurt are also a part of the company’s production. On site in Edertal, about 90 people are employed, working with various functions within and around production.



Figure 4.5: Location of BIG DRUM in Edertal nearby Gudensberg, central Germany.

4.5.2 Interviewee background and company role

The interview was held with Matthias Ruppert, managing director of BIG DRUM (under the Tetra Pak umbrella). It was a huge pleasure listening to the long company history and the many twists and turns in detail. Matthias has a background with a three-year apprenticeship at Mercedes Benz in the nearby city Kassel, to which he later added a master’s degree in mechanical engineering at the University of Kassel. Right after finishing his studies, he was employed by BIG DRUM and began his company journey there. During the first years, he

worked as a designer in the mechanical engineering department where he designed drawings on big canvases. Later he became project manager, and then head of the design department, technical manager, and finally, active in the sales department with travels over the world. Since 2014, Matthias has been the managing director of BIG DRUM, and among other tasks he is responsible for the sales and the engineering of the company.

4.5.3 Interview findings

There are three standout events in the company history of BIG DRUM that are especially relevant for the current location of the company in Edertal. Firstly, the decision to base the European branch of the sugar cone bakery in Gudensberg. Secondly, the expansion of the filling machine manufacturing part of the business to Edertal. Lastly, the gradual shift of this business from Gudensberg to Edertal, which resulted in a detached final entity.

Starting with the decision to place the sugar cone bakery in the small town Gudensberg, Matthias with over 30 years of experience at the company still has no good answer to that question. He explains the story that is being told, regarding the overseas establishment from the US, as a situation where deciding stakeholders closed their eyes and placed a pin on a map. The outcome was then Gudensberg, a location described as geographically remote, being in the middle of nowhere at the time. A place without any prior industry presence, and only inhabited by local farmers. Perhaps there could have been a connection between bakery activity and farming, but nothing that is in official writing at all. As for the other two influential parts mentioned above, they are more applicable on the familiar structure from the list of factors derived from theory.

Resource-based factors

It has already been discussed slightly, but the major factor for establishment in Edertal was the need for additional space. A cheap opportunity presented itself and since it was nearby Gudensberg, the company chose to go for it. The actual resources of the location are, however, not really regarded as optimal. The infrastructure is not perfect since the facility is situated in the middle of a residential area in a small town with normal houses adjacent. As for the building itself, the height is not enough for large scale operations. There is no room for installation of a crane or other similar devices to help employees with machine assembling. Since much of the work is done putting bills of materials together into larger assemblies, with weights of several hundred kilograms, it can be really demanding without these tools. Another issue is that the current facility space is capped both in terms of height and square meters. Unfortunately, the business cannot expand in that location anymore due to the surroundings.

Macro-environmental factors

For this section there were no findings during the interview with Matthias. Either these held little to no value, or the background motives here have disappeared since the 1960s. Regardless of which, this category will be ignored.

Agglomeration and Competition factors

Over time, BIG DRUM has developed a supplier network mostly in Germany, with complex component deliveries and related services supplied by other companies. Some examples are electrical components from Rockwell, and techniques such as laser cutting and bending where BIG DRUM is assisted by external firms. Bent materials are especially important to decrease costs in production. Connected to the location of the business in Edertal, this did not really affect it.

During the time under Nestlé's ownership, a broad network of customers was established through the Nestlé worldwide presence. Employees of BIG DRUM visited Nestlé plants in person and these relations remained after Nestlé withdrew from the company. This had major influence as to where the customers later were located and led to company sales of filling machines and sugar cones across the globe. It also meant that having worldwide sales, the customers had no impact on the company location decision.

Stakeholder factors

Back in the 1960s, Gudensberg's local governance was quite happy with the prospect of having many new job opportunities arriving in the city. Apart from that, not much could be concluded regarding stakeholder influence at the time of the decision. The years have gone by together with changes in ownership structure, which has led to a loss of information.

Additional findings

This interview had a much more coincidental tone to it compared to many others. However, there is a finding that provides an explanation to the questions connected to locating in Edertal and expanding the business to the limit there. All the negatives regarding location resources were negligible because the current employees were in the area. It was the single-handedly most impactful factor for BIG DRUM's location decision, and being able to preserve competence within the company was of utmost importance for continuing operations. Matthias puts it eloquently, "you can build a facility anywhere on the globe, receive very cheap price on land and labour, but you will not have your employees then" Since the company builds customised filling machines, dedicated exactly to customer needs, a lot of development activities and engineering knowledge are required in the business. Each machine also has its own design and assembly, which further adds to the level of complexity. Even if the facility perhaps is not the best, the risk of losing employees and the know-how is far worse in comparison. Potentially, such a situation could lead to critical consequences for the company.

4.6 Case 6: Stadium

4.6.1 Company history and location information

The Stadium company history is traced back to the establishment of Spiralen shopping mall in Norrköping 1969. At the time, there was a sporting goods retailer located in the building called Spiralen Sport where Stadium's founder Ulf Eklöv was employed. Meanwhile, Ulf was a student at Stockholm School of Economics. In 1974, after seeing Ulf's entrepreneurial spirit and drive, the previous owner assigned the store responsibility to him and decided to finance the future company plans under his command. This was the beginning of what came to be Stadium. Ulf then brought along his brother Bo Eklöv, and together they acquired several other sporting goods retailers. The first sports store under the Stadium name was opened in Stockholm in 1987, and the company has continued to grow over the years. Today, the still family-owned Stadium has presence in most parts of Sweden, in Norway, Finland and Germany, with over seven billion SEK in total turnover.

Stadium established a headquarter in Norrköping in the early 1990s with supporting company functions such as finance, purchasing, and supply chain departments. It was pretty much the only official office space the company had up until about 10 years ago when some functions were transferred to Stockholm. The reason behind was that Ulf was stepping down as company CEO and the newly appointed one lived, and had the family, in Stockholm. Together with resource-based factors later presented, it influenced the first establishment in Stockholm. This was afterwards increased to one set of office space in Stockholm city, and one in Solna municipality, just north of Stockholm city. Newly created Stadium Outlet then took over the Solna premises in 2009 and gradually more employees were based in the area.

About five years ago, Stadium decided to permanently move finance and marketing operations from Norrköping to Stockholm and formed the "commercial and brand" function there connected to e-commerce. It constituted the starting point for the present-day location since the company relocated to newly built office space in Solna Business Park. Nowadays, additional departments are placed there such as parts of the HR, security, and purchasing for Stadium Outlet. Some functions were kept in Norrköping still, and the administration is partly located in Norrköping and in Solna.

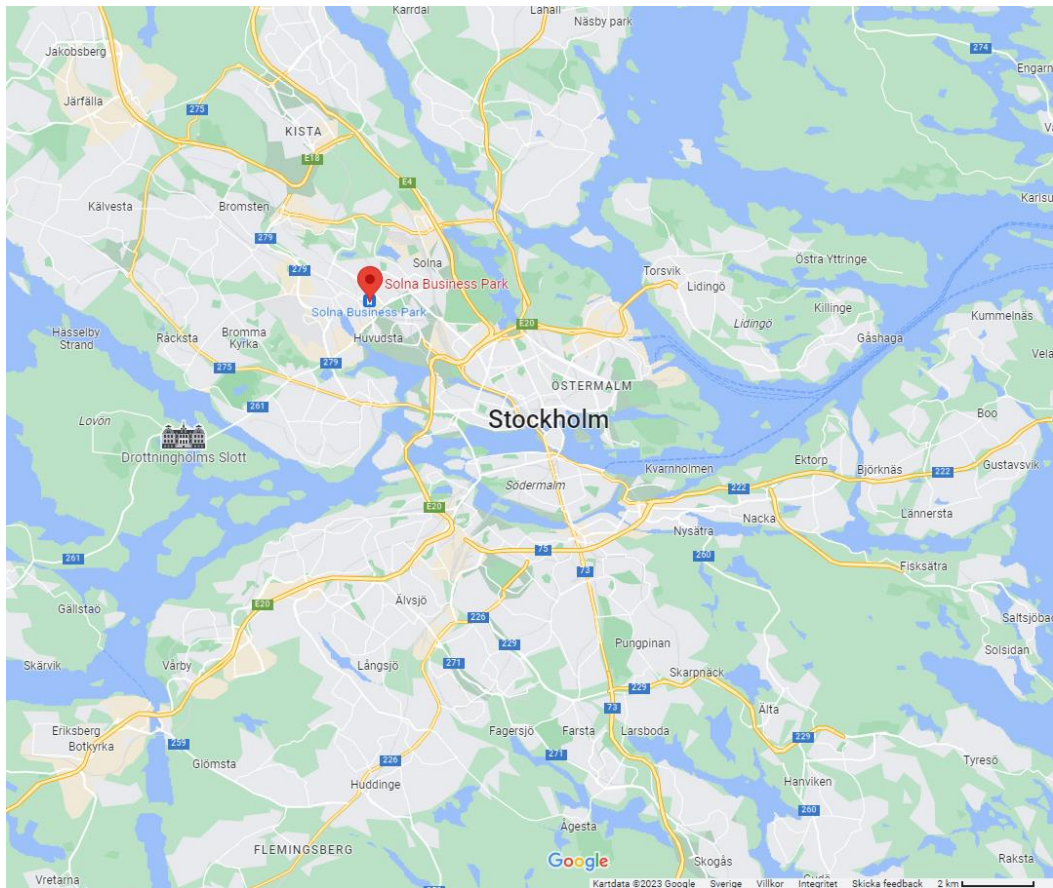


Figure 4.6: Location of Stadium's office space in Solna Business Park.

4.6.2 Interviewee background and company role

Daniel Löfkvist, COO of Stadium, participated in the interview with insightful, interesting, and thorough information. He started his career at Stadium 22 years ago, just like many others as a retail sales representative. Quickly, he advanced to store manager and immediately had to learn many new concepts. Over the years, Daniel has had several other positions at Stadium including employment at the headquarter in Norrköping, a role connected to business establishment in Germany, regional manager for Sweden, and CEO of Stadium Outlet. Being able to follow the company expansion and to grow alongside it has been a pleasure, Daniel explains.

4.6.3 Interview findings

This case resembles a step-by-step process with different parts requiring analysis to fully understand the location decision. As for facilities applicable for the study, the company headquarter placement in Norrköping, subsequent moves to Stockholm, and collecting activities in Solna are all relevant events. However, it became apparent quite fast during the interview that the facility in Norrköping would be difficult to form conclusions from due to the background motives being rather scarce. The real reason behind placing operations there was the company's history in Norrköping. It was the hometown of the founding family and

they also lived there. As for the other two, both hold relevance for the location decision that further focus was put on in the interview.

Resource-based factors

At the time of the first establishment in Stockholm, the Stadium business was under change. It happened during the years when much of the industry went through digitalisation as an addition to the physical business in stores. This was also the background for branching out to Stockholm. Much of the competence related to it was found in the big cities Stockholm, Gothenburg, and Malmö, and still is to this day. Indirectly, it is connected to the universities in these cities, and it was something the company accounted for. In parallel, the company placed many Sweden based executives and other leading roles in Solna since it was close to Bromma airport and a good base to originate from in their many travels.

When Stadium then decided to combine operations in Stockholm, while simultaneously transferring some of the previous departments from Norrköping, they had a lot of experience with business establishment in both Stockholm city and Solna. Positive and negative aspects of the locations were then weighted against each other. Stockholm city had benefits in means of commuting in the form of subway, commuter rail, and long-distance trains. An issue however was the cost of office space and the lack of space in the crowded city. Solna had the nearby Bromma airport and adequate parking space for the company cars as reasons for choosing the location, as well as relatively cheap rental fees.

An opportunity then presented itself to move into Solna Business Park, a location that had all the benefits of previous Solna premises, but also had great possibilities for commuting. About 300-400 meters from the facility lies Sundbyberg train station, with subway and commuter rail access. Prior company experience of the Solna region also advocated for the area. The overall infrastructure of the location was really good, Daniel describes. Many of the company employees are young and accustomed to public transport, so it was a fitting solution for them.

Regarding the actual facility, it suited the company well. It had a good amount of meeting rooms, toilets, kitchen access, elevators, and service elevators, all which impact a decision. Another positive attribute was the proximity to nature. Not far from the business location lies, for example, a lake where employees can take jogs during lunch.

Macro-environmental factors

Even though the cost of labour being considerably higher in Stockholm compared to other regions, the company did not feel it was affecting the decision. Having access to all the competence outweighed this increase in cost. As for the economic growth in the area, it was ensuring that investments were made there, but not something that was impactful in the end.

Agglomeration and Competition factors

Solna Business Park is a company friendly environment with many well-known brands having office space in the building. In addition, other services are present in the area such as hotels, grocery stores, gyms, lunch restaurants, and even padel courts. Not far from there lies Westfield Mall of Scandinavia, which is the biggest shopping mall in all of Scandinavia, and Friends Arena, Sweden's national stadium for football. All together it creates a place that is suitable for a company with many employees and forms a kind of community at the location. Daniel mentions how they have observed a tendency in other big companies transferring business from Stockholm city to Solna, and other similar areas. It indicates that there are beneficial reasons for having operations in such places.

The company suppliers are mostly doing business with the headquarter in Norrköping since the major warehouse is located there. Regarding cooperations in Solna, these are not really active and were not important for the decision. However, in terms of the entire Stockholm region, many advertising agencies have their business there, which simplified Stadium's business with them.

Stakeholder factors

Among the decision makers behind the choice of location, Stadium has a board of establishment that together with the chief of establishment have responsibility for the company facilities and rental agreements. These were influential parties along with the company CEO and COO. Then connected to the choice of facility, several stakeholders had to be accounted for. In total, up to 8 departments were involved in discussions regarding the interior features of the office space. Things such as ventilation, toilets, and security were looked at, and a deal with the property owner had to be negotiated. Generally, some parts the company is eligible to handle and other parts the owner will take care of. Apart from that, no other external stakeholders were present in the process. There were slight disagreements regarding the final placement in Stockholm, where some advocated for a new placement in Stockholm city. However, the final decision was something everyone considered a good solution.

Additional findings

From the interview with Daniel, it becomes apparent that employee well-being and comfort are major focus areas for Stadium. Much of the background reasons were traced to factors facilitating their time at the company. The importance of good means of commuting and what the company environment looks like are some of the examples addressed during the interview. Daniel puts it well when he covers the subject - accessibility is key and the goal is to form the best possible solution for the greatest number of people.

4.7 Case 7: Cloetta

4.7.1 Company history and location information

Cloetta is a publicly quoted company active in the chocolate- and confectionary industry. Its origin dates to 1862, when the three Swiss brothers Cloëtta founded the company in Copenhagen. In 1902, Cloetta transferred much of the production to Ljungsbro, Sweden, where manufacturing still is present. During the following years, several famous brands were successfully introduced, and the product portfolio of Cloetta was increasing. Today, Cloetta has facilities across Europe and the single largest production unit is located in Levice, Slovakia. Currently, around 765 employees are working at the location with a yearly production of over 30 000 tonnes of output. This factory is what the examined location decision will concentrate on. In 2005, a large portion of Cloetta's production was transferred to Levice. After two years, the site was move-in ready and gradually more focus has been placed on the business in the area. Levice lies in the south-western parts of Slovakia with a population of just over 30 000 people. The city has a broad background in housing industries of different kinds, which Igor Mandryš, managing director of Cloetta's business in Slovakia, elaborates further on during the interview.

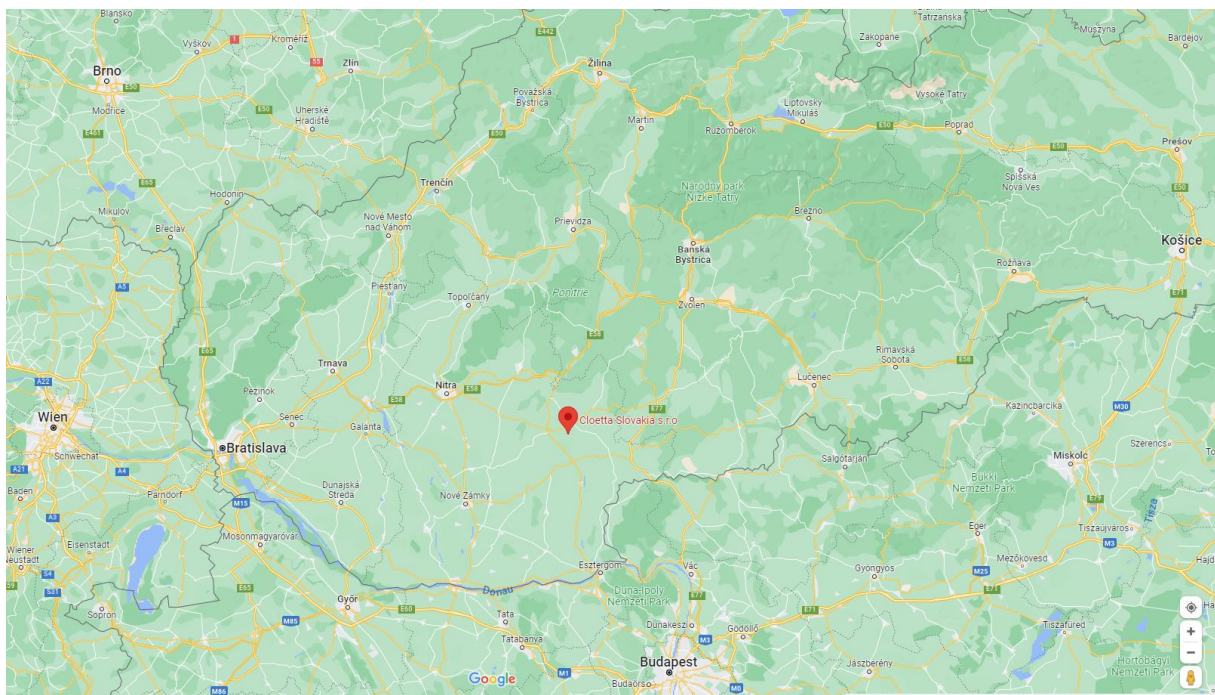


Figure 4.7: Location of Cloetta in Levice Industrial Park.

4.7.2 Interviewee background and company role

Igor has a substantial background in different prominent positions for companies in the brewing industry. He worked for seven years at local Slovak brewing companies, and later 20 years at Heineken. The early career began as a project engineer and then continued as a technical manager, packaging manager, logistics manager, brewery manager, and finally,

supply chain director. Much work revolved around logistics, distribution, and production planning, for units in Slovakia, Hungary, Czech Republic, and Belarus. Before transferring to Cloetta, he finished his stint at Heineken as a part of the senior international management of the company. Since joining Cloetta in 2017, Igor has had the position of managing director of company operations in Slovakia.

4.7.3 Interview findings

After a substantial and very interesting interview with Igor, several background motives for Cloetta's choice of Levice as their production site were revealed. From this almost hour-long conversation, the following description could be compiled:

Resource-based factors

Slovakia in general, and Levice in particular, has a strong history of food production and the local labour force already had a good insight in the industry of food production and processing. Although many of the actors in Levice previously were active in the dairy or bakery industry, the working approach had similarities and Cloetta sought to utilise this knowledge base. Another important factor was having a flexible space for the facilities as the company had strong incentives to expand its business there. This was very important since Cloetta closed several other production facilities and transferred the old production equipment and technology to Levice. It was not done all at once, and the site had to fit future consolidating plans as well, with the latest production facility being relocated to Levice just a few years ago. In total, seven different factories were closed and merged in Slovakia. Since several production locations were scattered across Europe earlier, much of the logistics system had to be changed. This led to some increase in costs in that regard. As for the location, it was necessary to have the correct infrastructure and especially good accessibility for trucks that transport products to warehouses in Sweden, Finland, and the Netherlands. Such conditions were created in Levice, which is elaborated on more below.

Macro-environmental factors

In 2005, there was a decision approved by the Slovak government to build an industrial park in Levice. It was a green-field operation with completely new infrastructure created in the form of facilities and better roads for increased production and transportation possibilities. The main reason behind was to structure a foundation to attract potential investors to the region. Today, 14 major actors are present in the area and the operation is regarded as very successful, Igor explains. Furthermore, the conditions for creating a site in Slovakia at the time were very beneficial for several reasons. The cost of labour was comparably low and since many previous Cloetta factories were consolidated, large cost savings could be applied. Another factor was the unemployment numbers of around 15-16% in Slovakia at the time, which provided a large labour pool to choose from. Consequently, Cloetta had no problems finding qualified employees for the production unit. Moreover, there was a flat tax rate of 19% in all areas (income, VAT, etc.) and it was very easy to do business in that environment.

On top of that, if the business complied with certain criteria, then it was also entitled to state aid. The Cloetta investment met these requirements, and it gave a very advantageous setting for the company. State aid basically centred around three categories:

1. If a company agreed on hiring a predetermined number of people in the country during a three-year span, the cost of training and educating these during the whole period would be completely paid by the Slovak government.
2. Connected to the stable volumes produced by the company, if a certain level was reached, then a set percentage of the result was received from state aid.
3. Last but not least, if the other requirements for state aid were fulfilled, the company could apply for complete absence of tax for a couple of years.

Considering that Cloetta had access to all three parts of state aid when placing the business in Levice, this was a very impactful factor behind the decision.

Agglomeration and Competition factors

Through the creation of the industrial park in Levice, and due to the history of the location, many of the right conditions were in place for Cloetta to establish cooperations instantly. It was done in the form of agreements with local actors that provided logistics services mainly. These services are used to this date by Cloetta through warehousing, sorting, and packing. This had an impact on the decision but was not a crucial factor. As for the other companies present, there are established channels of contact, but no current cooperation. Among the major actors there, the food industry is represented exclusively by Cloetta. The rest are either automotive companies, packaging companies, or other manufacturing businesses.

Igor describes further that the only negative about the current location is the geographical distance to the markets on which Cloetta operates. Most of the sales are in Scandinavia, Germany, Belarus, and England, and transporting products leads to substantial costs. It is connected to the previously described change in logistics system that came along with the merge of industries in Levice. However, there is an untapped potential in expanding the business in Slovakia and even more so in central Europe. As it is right now, Cloetta is basically unknown in the country and has no sales or direct links to potential customers. There has been an experiment with a pilot store in Levice city centre, and it is going extremely well so possibly more focus can be put into expanding sales in that part of Europe in the future.

Stakeholder factors

At the time of the decision to move much of Cloetta's production to Levice, shareholders were investigating possibilities to reduce production costs per produced kilogram of output product. A major concern was balancing production scale, cost, and "foodprint" - i.e environmental impact, to stay competitive while also maintaining company attractiveness. The private equity company, and owner, Leaf then conducted a study together with executive management, which resulted in the decision to place the business in Levice. The initial approach was to consolidate the business, stabilise it, and later sell it, much alike the general strategy for these types of firms, Igor explains. However, due to the financial crisis at the

time, company acquisitions were frozen for a few years. Instead, Leaf decided to merge with Cloetta and formed a different path than originally planned. To dig deeper into the dynamics of the location decision among active stakeholders back then is difficult, especially since Igor started working at Cloetta in 2017 and almost everyone on the board of directors have left the company. As for the people in Levice, the general opinion was very positive since there was a shortage of job opportunities at the time. In a similar way, the shareholders were satisfied with the large increase in share price that the location decision resulted in.

Additional findings

Having one massive site also simplified much of the administrative work. Before, Cloetta had separate contracts for each location and consolidating the business provided a huge reduction in paperwork. In addition, it gave a better possibility to increase control through one single management team instead of seven. The company also had a much better position in negotiations due to the scale of the industry, which led to better margins and thus cost savings. Lastly, the big plant gave Cloetta a large increase in efficiency to further add to the positive effects mentioned.

It is important to add that a quality focus has always been apparent for the business in Levice and the rest of the company. Igor explains that the major reason behind the success is the working conditions. Having a safe and modern facility producing a quality product is what will keep Cloetta competitive on the market. Under his management, the factory in Levice has been getting top scores among all production units of Cloetta on employee satisfaction, and it is something much focus is placed on maintaining. The business landscape is changing in the country and unemployment is as low as 4% in Levice nowadays. Huge value is therefore found in preserving the workforce since the company is so heavily invested in the region. Managing a company is all about the employees, Igor emphasises.

4.8 Case 8: DUX

4.8.1 Company history and location information

Almost a century ago, Efraim Ljung discovered a new way of creating comfortable beds using a system of coils inside the mattresses. He took inspiration from one of his journeys to the US, where similar solutions already existed. In 1926, he then started DUX in Malmö and the company ownership has been kept within the Ljung family ever since. As of today, DUX is present in over 30 countries with a turnover approaching one billion SEK. The product catalogue has developed as well over the years. From the initial focus on bed solutions, DUX later branched out into furniture manufacturing and had several successful collaborations with the well-known Swedish designer Bruno Mathsson. Among many, the Jetson chair received broad recognition and is still today an appreciated addition in home decoration.

DUX originally ran production in Sweden but has gradually transferred these operations to Porto in northern Portugal over time. Two factories are currently present at the location, while some activities are kept in Sösdala outside of Hässleholm in southern Sweden. Currently, the local workforce in Porto is composed of around 200 employees. Porto is the second largest city in Portugal with a population of approximately 1.7 million people residing in the metropolitan area. It lies beautifully along the Douro River by the Atlantic Ocean and is known for its port wine, old architecture, and nice sceneries among others (Britannica 2023).

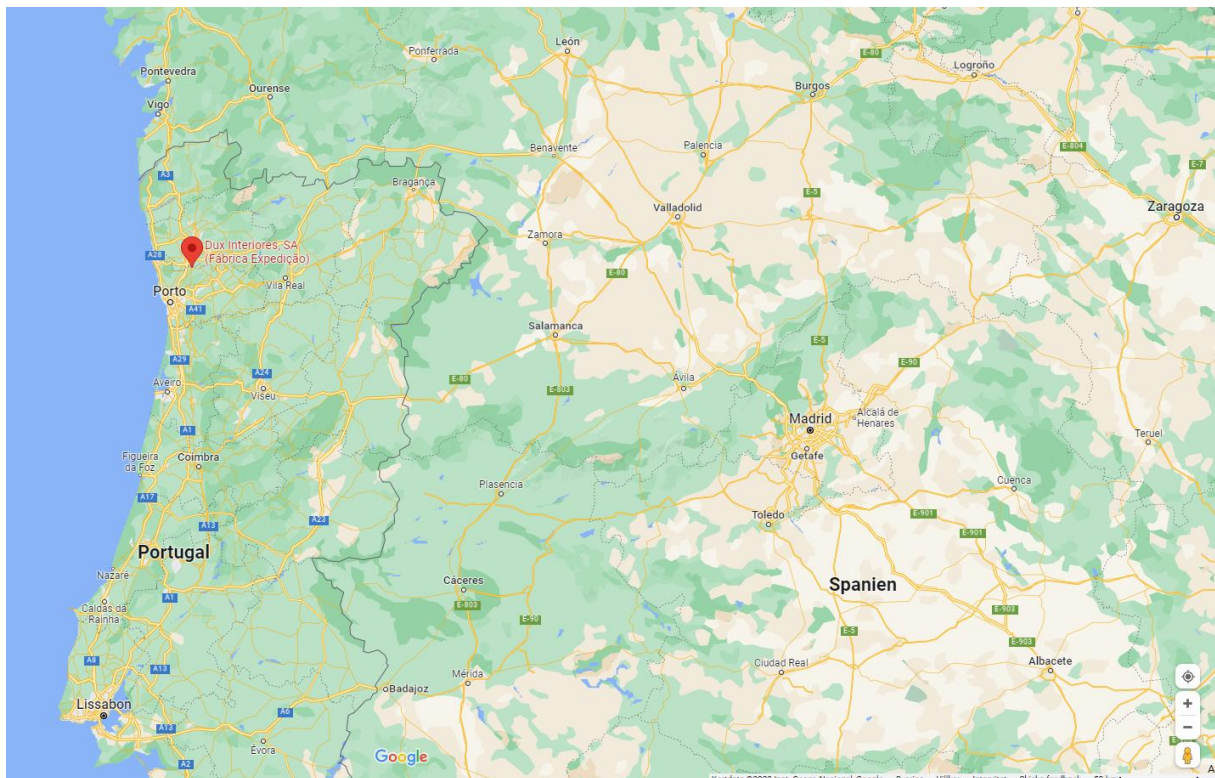


Figure 4.8: Location of DUX's production facilities outside of Porto.

4.8.2 Interviewee background and company role

Charlotte Ljung is, together with her brothers, the fourth generation Ljung family owning and managing DUX. Unlike the rest, she decided to test her wings outside the family business early on and studied interior design and architecture abroad, which she later worked with for several years before returning to DUX. After a difficult period for DUX, Charlotte took over as CEO in 2010 and was able to utilise her unique background, bringing in a new perspective into the company. After managing to quickly learn the new role, she remained CEO until 2015-2016 before taking a step down to focus on other projects.

4.8.3 Interview findings

The location decision that Charlotte kindly enough agreed to explain the background motives for was DUX's choice to place operations in Porto, Portugal. Over time, the presence there has increased, with the first decision dating back to the 1970s. This led to an interesting interview with several matching points between theory and practice.

Resource-based factors

Northern Portugal has been a region strongly associated with the textile industry and the ready-made garment industry historically. Consequently, the area had a lot of tradition and hence, knowledge, in weaving, sewing and other important skills that DUX utilised in many of the products. As a result, there was a labour pool of very skilled workers in these arts that the company sought to both hire and learn from. Charlotte explains how the extensive tradition was a main reason for locating in Porto. Diving deeper into the subject, Charlotte elaborates on how the people in the region have pride in their profession and knowledge, which they have been nurturing for generations. It is common that children follow in their parents' footsteps and continue the legacy to further keep the knowledge base alive. The location background resembles so called "mill towns" where much of the potential for future employment was found in the local industry. As a result, people did not generally move very far and at DUX this is observed in many of the second-generation employees that currently work in the facilities in Porto.

As for the attributes of the location, Porto was easily accessible for trucks and more importantly, the port of Porto that was used to ship cargo across several destinations. It was geographically not too far from the company origin in Sweden, which simplified communication, transportation, and control. Especially the transportation part was of significance since DUX has decided to keep their entire production process in-house unlike many competitors in the industry. During production, the goods are then transferred between the different units in Portugal and Sweden, and it was therefore of importance to keep proximity to Sweden. Cost savings were able to be derived from the differences in cost of land to later build facilities on and there had to be room for potential expansion as well.

An additional dimension behind the choice of location, again connected to the people in northern Portugal, was the willingness to work in a production-based employment within the bed- and furniture industry. DUX noticed a worrying development on that front at home, where it had been increasingly difficult to find adequate skill or even mere interest in the industry. It was very important to capture this genuine interest as it brings a different level of commitment to what one produces.

Macro-environmental factors

There were a few contributing macro-environmental reasons for moving parts of the business to Porto. To begin with, there was a broad interest in the location and DUX recognised an economic growth in the region that was attractive. Over time this grew in importance as DUX became more heavily invested in the area as larger parts of the company relocated there. Another influential reason was the cost savings that could be done when comparing production costs and labour cost in Sweden to the alike in Portugal.

In the 1970s, prior to the creation of the European Union, things looked a lot different in Portugal regarding regulations to follow, sustainability focus, and level of disclosure. However, this never affected the decision according to Charlotte. On the other hand, DUX welcomed the changes which simplified much of the company's work being partly located in Sweden and in Portugal. Having production remain in Europe is a strength, Charlotte describes. Regarding differences in culture between southern Europe and Sweden, a conclusion drawn in retrospect is that it has been a very valuable learning for DUX. Sometimes arising problems can be solved using a more "ad hoc" approach, which introduced an interesting new addition to the way of working. For instance, if a basic prototype had to be manufactured for a test of some kind, perhaps an employee had a contact in a small metal workshop locally that quickly put a good-enough solution together. In Sweden we tend to go by the book slightly more, for better and for worse.

Agglomeration and Competition factors

Returning to the history of the region, naturally several related and supporting industries associated with the business of DUX are present there. In the two production facilities, many of the core activities are conducted, but some collaborations are still necessary. DUX has a local cooperation with a weaving company that weaves textiles later used for bed- and furniture covers. Similarly, local suppliers are delivering wood as raw material for constructing products. As for key components such as the mattress coils, these are still manufactured in Sweden where they have a long tradition of being so. Having several possibilities to form alliances was an impactful reason for locating in Porto.

There have not been many direct competitors residing in the area. However, Ikea has had production located in Porto for a while and at times there has been an exchange in expertise between the two regarding particular cases. Since almost everything, from start to finish, is

done in-house, many collaborations have been case dependent and are thus not maintained regularly.

Stakeholder factors

The decision to place production in Porto was made by Charlotte's father, Claes Ljung, and the company management at the time. He is today chairman of the company, and the family has had a tradition of taking important decisions of this magnitude privately. Consequently, no outside influence was present from stakeholders. Having a wholly family-owned business has also led to DUX being able to avoid chasing short term profits to please shareholders, since no account to these has been necessary to take.

Additional findings

In addition to the other reasons mentioned above, there were marketing and branding factors playing a role in having northern Portugal as a final location for much of the production. DUX is a company that always valued quality above all else. Being able to maintain production in Europe, while many competitors have relocated to Asia in pursuit of better margins, enables DUX to keep some key production at home in Sweden and ensures that this quality is intact. Furthermore, it gives the company credibility to live up to its name as a Swedish company, with all the branding benefits that come along. Another relevant topic was how highly DUX rates the employees in Porto and how the company finds pride in the 50-year long history at the location. Employees have access to several benefits that are unmatched among many other local actors and it has almost created a sense similar to that of being in a family, the same feeling Charlotte embodies as the fourth generation Ljung in DUX.

4.9 Summary

The results are summarised in a table below collecting all relevant factors that surfaced during the interviews. As for the final section, it has been labelled miscellaneous since it aims to cover the findings outside the theoretical scope.

Table 4.1: Summary of impacting factors on the location decisions, found during interviews. (part 1)

		Ekens Assistans	Beskows Drycker	VCBC	BLS Industries	BIG DRUM	Stadium	Cloetta	DUX
Resource-based	Logistically accessible (by car, trucks, train, or airport/harbour nearby)	Yes	Yes	Yes	Yes	-	Yes	Yes	Yes
	Sufficient parking space	Yes	-	-	-	-	Yes	-	-
	Suitable facility features (Number of offices, toilets, ventilation, absence of stairs, kitchen access, elevators, internet connection, district heating, etc.)	Yes	-	-	Yes	-	Yes	-	-
	Affordable facilities (Cheap office space or cheap price on land)	Yes	-	-	Yes	Yes	Yes	-	Yes
	Good access to public transport (Subway, commuter rail, bus, train)	Yes	-	-	Yes	-	Yes	-	-
	Available and qualified labour pool to hire from	Yes	-	-	-	-	Yes	Yes	Yes
	Strong tradition in the field (very skilled and knowledgeable labour pool)	-	-	Yes	Yes	-	-	Yes	Yes
	Proximity to universities or high schools	Yes	-	-	Yes	-	Yes	-	-
	Adequate natural resources	-	Yes	-	-	-	-	-	-

Table 4.2: Summary of impacting factors on the location decisions, found during interviews. (part 2)

		<i>Ekens Assistans</i>	<i>Beskows Drycker</i>	<i>VCBC</i>	<i>BLS Industries</i>	<i>BIG DRUM</i>	<i>Stadium</i>	<i>Cloetta</i>	<i>DUX</i>
	<i>Potential for business expansion</i>	-	Yes	Yes	-	-	-	Yes	Yes
	<i>Adequate facility space/additional fixed increase in space</i>	-	-	Yes	Yes	Yes	-	Yes	-
Macro-environmental	<i>Beneficial politics/policies</i>	Yes	Yes	-	-	-	-	Yes	-
	<i>Economic growth/heavy investments</i>	Yes	Yes	-	Yes	-	-	Yes	Yes
	<i>Cost of labour</i>	-	-	-	Yes	-	-	Yes	Yes
	<i>Unemployment numbers</i>	-	-	-	-	-	-	Yes	-
Agglomeration and Competition	<i>Network of suppliers and/or supporting industries</i>	-	Yes	Yes	-	-	-	Yes	Yes
	<i>Proximity to customers</i>	Yes	-	-	Yes*	-	-	-	-
	<i>Competition (seek to either encounter or avoid)</i>	-	Yes	-	Yes	-	-	-	-
	<i>Characteristics of the area (city centre, suburban, or rural)</i>	Yes	Yes	-	-	-	Yes	-	-
Stakeholder	<i>Internal stakeholder influence</i>	Yes	Yes	Yes	Yes	-	Yes	Yes	Yes
	<i>External stakeholder influence</i>	-	-	Yes	Yes	-	Yes	-	-
Miscellaneous	<i>Previous history at the location (cooperations or prior establishment in the form of facilities)</i>	-	-	Yes	Yes	Yes	Yes	-	Yes

* BLS Industries valued being close to their customers in Sweden. It impacted the choice of country but not the final location. Hence, it was influential in a sense.

Table 4.3: Summary of impacting factors on the location decisions found during interviews. (part 3)

	<i>Ekens Assistans</i>	<i>Beskows Drycker</i>	<i>VCBC</i>	<i>BLS Industries</i>	<i>BIG DRUM</i>	<i>Stadium</i>	<i>Cloetta</i>	<i>DUX</i>
Employee preserving reasons <i>(Geographical proximity to prior business or employees)</i>	-	-	Yes	Yes	Yes	-	-	Yes
Company owner/founder is from the location	Yes	-	-	-	-	Yes	-	-
Marketing reasons/brand association	Yes	Yes	-	Yes	-	-	-	-
Administrative benefits	-	-	Yes	-	-	-	Yes	-
Circumstances or chance	-	-	-	Yes	Yes	-	-	-

5. Analysis

This chapter aims to analyse the results derived from the different cases investigated, with the summarised table in focus that concluded the previous section. A new dimension is presented to enable further analysis through the categorisation of deciding factors, strong factors, and soft factors. The grading is first motivated, and then the case connections between the empirical findings and the theoretical framework are established. It is structured in the four areas of contributions once again, with additional findings labelled as miscellaneous results now. At the end of the analysis chapter, a summary of the company location decision context is given.

5.1 Adding a new dimension

It is apparent from the empirical findings that a location decision is a complex event. There are contributions from several areas of theory, as well as additional findings outside the investigated framework. To form a setting in which further discussion and conclusions are possible, in-depth cross-case analysis of the results is required. This will be done with respect to all four areas of theory, including additional findings.

There is, however, an issue that is not addressed when doing so. With this approach, all factors receive equal value as long as there has been a match for that factor in the location decision investigated. When reading the substantial material extracted from the case study, it is very clear that is not true. Each company has its own set of background factors that more emphasis is put on. At the same time, the other factors are not worthless. They still hold meaning and can thus not be disregarded. Therefore, an additional approach is proposed as a supplement to the theoretical areas. The idea was born during one of the interviews when the phrases “strong factors” and “soft factors” surfaced. Introducing these as new dimensions of analysis will be very helpful. Yet, the analysed image still does not fully replicate the picture painted by the charismatic individuals the interviews were held with. While many factors were strong- and soft factors, these were not what ultimately was the tipping point for the location being picked. Hence, as a final step in the supplementary tool, the area “deciding factors” is included. By accounting for the differences in value each factor had, a more accurate analysis can be conducted.

- Deciding factors are represented by dark green colour in tables.
- Strong factors are represented by light green colour in tables.
- Soft factors are represented by yellow colour in tables.

5.2 Resource-based factors

In the complete collection of contributing reasons, it was established that resource-based factors consist of threshold capabilities, strategic capabilities, and dynamic capabilities.

5.2.1 Threshold Capabilities

Analysing the summarised table step-by-step, the following threshold capabilities are found:

Table 5.1: Threshold capabilities derived from the interviews. These are categorised by a colour scheme of dark green deciding factors, light green strong factors, and yellow soft factors.

		<i>Ekens Assistans</i>	<i>Beskows Drycker</i>	<i>VCBC</i>	<i>BLS Industries</i>	<i>BIG DRUM</i>	<i>Stadium</i>	<i>Cloetta</i>	<i>DUX</i>
Threshold Capabilities	Logistically accessible (by car, trucks, train, or airport/harbour nearby)	Yes	Yes	Yes	Yes	-	Yes	Yes	Yes
	Sufficient parking space	Yes	-	-	-	-	Yes	-	-
	Suitable facility features (Number of offices, toilets, ventilation, absence of stairs, kitchen access, elevators, internet connection, district heating, etc.)	Yes	-	-	Yes	-	Yes	-	-
	Affordable facilities (Cheap office space or cheap price on land)	Yes	-	-	Yes	Yes	Yes	-	Yes
	Good access to public transport (Subway, commuter rail, bus, train)	Yes	-	-	Yes	-	Yes	-	-
	Available and qualified labour pool to hire from	Yes	-	-	-	-	Yes	Yes	Yes
	Adequate natural resources	-	Yes	-	-	-	-	-	-
	Potential for business expansion	-	Yes	Yes	-	-	-	Yes	Yes
	Adequate facility space/additional fixed increase in space	-	-	Yes	Yes	Yes	Yes	Yes	-

It is evident when inspecting table 5.1 that threshold capabilities hold strong relevance for location decisions. All investigated cases are represented in some kind, and results show that the companies value certain factors differently.

Logistically accessible

Many of the participants regarded logistics as a strong factor with much impact on the decision. Among these, five choices were related to location of production-based facilities (VCBC, BLS Industries, BIG DRUM, Cloetta, DUX), one was housing company functions (Stadium), one was a mix of a meeting place for customers and offices (Ekens Assistans), and one was a small-scale production and office (Beskows Drycker). All large production facilities put emphasis on the logistics except for BIG DRUM. An explanation could be that the company is manufacturing very large and complex filling machines, which differs from the other cases in terms of actual production quantities. Consequently, the inflow/outflow of material is not as high as in some of the other facilities. Still, if one remembers the interview with Matthias Ruppert, the logistics was something that the company nowadays viewed as suboptimal. As for Beskows Drycker, having a start-up company, with low volumes of in-house production, rating logistics as a soft factor is very reasonable. Stadium and Ekens Assistans both had no production at the locations, but still considered logistics a strong factor. In both these cases it was from a perspective connected to people. For Ekens Assistans, it was crucial for customers to have facility access by car since most arrived by that. In Stadium's case, the company owned several cars that employees used in their work.

Sufficient parking space

This area is much connected to the type of logistics in the previous one. It is no surprise that Ekens Assistans and Stadium values parking space on a similar level as logistics since the accessibility by car was a strong factor for the two companies. The other companies either acquired a large, already finished, site with adjacent parking space, or had many employees that commuted with public transport, leading them to not addressing this in the interviews.

Suitable facility features

Here, Ekens Assistans, BLS Industries and Stadium all labelled the facility features as strong factors. The main requirements were different among the three, but the companies had in common that they were all moving into existing facilities/office space. Since they were not building a brand-new site, it is quite reasonable to think that they instead tried to affect what they could in terms of demands on facility features. VCBC also moved into a factory that had a long history. However, that history consisted of business with the own company for almost 50 years, thus having a situation where not much changed after the establishment. As for Cloetta and DUX, they both constructed new sites and could customise much. Beskows Drycker only had one employee to account for, which probably gave a larger extent of matching offices to pick from and consequently this factor lost relevance there.

Affordable facilities

It is no surprise that Ekens Assistans valued the cost of facility highly since the company turned down external funding, and the establishment was therefore paid solely by the founding family. BLS Industries had agreed on a budget of 200 million SEK, which per definition means that the price was important for the company. Stadium considered two different locations and weighed them against each other. One of the main reasons for the final decision was Solna premises being cheaper than Stockholm city. In all of these cases, finding affordable facilities was considered a strong factor. BIG DRUM and DUX mentioned how it was a positive aspect of the decision, but both strongly implied that other factors were affecting the location choice more. For Beskows Drycker, the facilities were in such a small scale, so it did not hold any merit as to the actual decision. As for VCBC, there was only one facility the company was interested in at the time of the decision in 1969, resulting in little to no significance in the cost of facility. If the reader remembers the setting in which the location decision took place, Volvo Cars had external stakeholder influence from Alfa Laval, who were eager to sell. Negotiations were then held, but the price was not something that drove the decision towards landing on Olofström. Lastly, there is Cloetta that had strong cost motives for locating in Levice. However, the facility cost was overshadowed by the other savings made from the location decision.

Good access to public transport

The first deciding factor is observed in this category. During the interview with Stadium, it was very apparent that the company had the best of the employees in mind. Overall, the goal of the establishment in Solna was to find a solution that fit the most people. This solution revolved around accessibility to their office space. Since many of them were accustomed to public transport, this was one of the main factors derived from the interview. Regarding Ekens Assistans and BLS Industries, both valued access to public transport as strong factors. They explained how a large part of how they care for their employees lies in simplifying the commute for them. Yet, there were other reasons that finally impacted the decision more. The other five companies did either not value this category or address it at all. Connected to Beskows Drycker, the company only had Fredrik Beskow to account for. BIG DRUM and Cloetta are in smaller cities and towns where commuting through public transport perhaps is not the main way of transportation. VCBC employs a big portion of the people in the area, and since the company has been present for such a long time, commuting needs were different back then. As for DUX, it was not something that was discussed during the interview, hence the absence of influence in the table above.

Available and qualified labour pool to hire from

Both DUX and Ekens Assistans are operating in industries where the importance of having qualified personnel is massive. In the interviews with the two companies, both expressed how they had witnessed a disappointing trend in the last 20-30 years regarding interest in their industry. Consequently, they experienced it being increasingly difficult to find and attract the

right people to the company. The reason it was labelled a deciding factor for DUX, and not for Ekens Assistans, was that DUX searched for this employment base - and found it in Porto, which, together with the history of the location, heavily impacted the decision. It also led to gradually transferring more of their business to Porto. Ekens Assistans, on the other hand, looked for a place with a potential labour pool to utilise, but it was not the deciding reason they located in Furulund. Similar to Ekens Assistans, Stadium and Cloetta had background motives connected to the labour pool at the location. During the interviews with them, it was clear this held meaning, but was not the crucial attribute. The other companies either had no additional employees, or sought to expose state of the art knowledge – something that is covered in strategic capabilities later.

Natural resources

This was a standout category with only Beskows Drycker putting emphasis here. Out of the eight case study participants, Beskows Drycker was the only company that based the location decision on the quality of the raw material that stemmed from the region. It was a deciding factor for Fredrik Beskow when he located operations on the Bjäre peninsula. Regarding the other seven, they either produced complex products consisting of subcomponents, operated a service company, placed different types of company functions, or had input material that did not require the same amount of quality focus, leading to the category being disregarded.

Potential for business expansion

Only Beskows Drycker and Cloetta described expansion possibilities as a strong factor for their location choice. For Beskows Drycker, the company had grand goals of reaching large volumes in the future. As a result, having the opportunity to expand was important for the company. Cloetta consolidated several businesses in Levice originally, but still had to consider the future transfers of other business units to the location. That led to valuing this category as a strong factor. As for the companies that labelled it a soft factor, VCBC initiated a contract with Svenska Stålprensning AB in 1927 for small scale manufacturing. When the company later acquired the factory, it was with expansion plans of the business in mind. However, at the time, the facility was housing almost 5500 employees, making it the largest of its kind in Scandinavia. Although having potential for expansion, perhaps the need was not there. Similarly to Cloetta, DUX gradually transferred business to the location in question. What differs in those cases is that Cloetta had a consolidating plan the company followed. Meanwhile, DUX did not initially have the intention to move the other parts of production in Sweden abroad, hence the soft factor label here.

Looking at the other participants in the study, Ekens Assistans started the business on a small scale with no direct focus on expansion potential. The company did however say that today, investigating different kinds of office space would have had a bigger role in the decision. BLS Industries received a perfect match on their list of requirements and did therefore not consider further expansion plans. BIG DRUM opened the site in Edertal as a supplement to the previous facility. It was connected to expanding the business, but the actual site in Edertal was

always limited due to the placement in a residential area. Lastly, Stadium moved parts of the business to Stockholm, but the main headquarter was always going to be placed in the hometown of the company founders. To potentially expand the business in Solna was therefore not impacting the final decision.

Adequate facility space / additional fixed increase in space

The motive behind BIG DRUM expanding the business outside of Gudensberg was the need for additional space. Although this being the background motive that initiated the location decision process, it was not the deciding factor that made the final verdict of placing the business in Edertal. As for BLS Industries, the same reasoning applies. The company was searching for an adequate facility with at least 16 000 m² area, but it was not what ultimately led to the location chosen. Regarding Cloetta, the company had slight demands on the size of the facility, but it was nothing that affected the decision much. VCBC arguably could have been left out of this category since the company did not actually increase any production from the decision by just conducting business in-house instead. However, connected to the story in 1927, the facility in Olofström was perfect for what Assar Gabrielsson and Gustaf Larson were searching for. Therefore, the decision is valued as a soft factor as a middle ground here. Stadium turned down Stockholm city due to several reasons, one being sufficient space. The final location in Solna was however not chosen due to the perfect space of the facility. It had an impact as to why one location was not picked, but in connection to Solna it was never discussed during the interview. As a result, it is placed as a soft factor. With respect to the other companies, Ekens Assistans and Beskows Drycker had such small-scale business early on, so the space was of no real concern. Finally, DUX built the facilities themselves, which led to this category being disregarded.

5.2.2 Strategic Capabilities

Out of the extracted areas of resource-based factors, only one could be related to strategic capabilities. Still, it held great meaning for the location decisions of the investigated companies.

Table 5.2: Strategic capabilities from the interviews, coded with a colour scheme to highlight deciding factors, strong factors, and soft factors.

		<i>Ekens Assistans</i>	<i>Beskows Drycker</i>	<i>VCBC</i>	<i>BLS Industries</i>	<i>BIG DRUM</i>	<i>Stadium</i>	<i>Cloetta</i>	<i>DUX</i>
Strategic Capabilities	Strong tradition in the field (very skilled and knowledgeable labour pool)	-	-	Yes	Yes	-	-	Yes	Yes

Strong tradition in the field

This category held significant findings and was very impactful for many of the participating companies. All three of VCBC, BLS Industries, and DUX had similar deciding factors for their location decisions, namely being the search for a very skilled and knowledgeable labour pool to utilise. In all three cases, they ended up locating in places with substantial history and long tradition in their fields of expertise. It was very apparent that the reason for choosing the location was directly related to this subject. As a result, they have all been graded at a deciding level in this category. Cloetta also spoke about the tradition of food production in Levice and in Slovakia. The difference is that this knowledge was not directly translatable to their industry, which also Igor Mandryš covers during the interview. It for sure helped but was not the deciding factor as to why Cloetta located its business in the area. Analysing the other companies, Ekens Assistans searched for a qualified-enough labour pool to hire from, but it was more the availability of people rather than the state-of-the-art competence that influenced the decision. The company was consequently removed here and added in the list of qualified labour pool in threshold capabilities instead. Beskows Drycker had a situation where the company sought to develop something together with actors in the area. Focus was more put towards the potential rather than existing knowledge in that case. Additionally, it was not so much the expertise in manufacturing that led Fredrik Beskow there, as the suppliers and the potential partnerships. BIG DRUM located the European branch in the middle of “nowhere” in Germany. No background motives were found connected to the competence in the region. Stadium wanted to find competence for the digital expansion of the company. However, this was something that Daniel Löfkvist spoke about being possible to find in any major city, resulting in Stadium appearing in the threshold category instead of here.

5.2.3 Dynamic Capabilities

To conclude the coverage of resource-based factors, one finding can be linked to dynamic capabilities:

Table 5.3: Dynamic capabilities found during interviews. These are reviewed by the grading system deciding factors, strong factors, and soft factors.

		<i>Ekens Assistans</i>	<i>Beskows Drycker</i>	<i>VCBC</i>	<i>BLS Industries</i>	<i>BIG DRUM</i>	<i>Stadium</i>	<i>Cloetta</i>	<i>DUX</i>
Dynamic Capabilities	Proximity to universities or high schools	Yes	-	-	Yes	-	Yes	-	-

Proximity to universities or high schools

Not much was said about dynamic capabilities during the interviews. Only three companies regarded it as somewhat influential on the location decision. All these also labelled it a soft factor. In the case of Ekens Assistans, the company only indirectly saw a positive outcome from being located nearby universities or high schools. It was considered prior to the decision

being made, but not in the sense of the location's ability to renew strategic capabilities. It was more so a way for the company to find people with flexible time schedules to hire. As for BLS Industries, a similar reasoning was held. The company had seen a connection between how attractive a location was from a hiring perspective, and the distance to universities mainly. Stadium also commented on the subject, but it was regarding the wanted competence at the time following the same location pattern as universities. In neither of the cases any discussions were held connected to future importance of universities, or other knowledge developing sources, for the business. With respect to the other five companies, this question did not hold any relevance for the decision that was made.

5.2.4 Resource-based results analysed further

So far, all resource-based categories that surfaced during the interviews have been covered. These are now analysed from a theoretical viewpoint to see whether the findings are backed by the framework developed prior to the case study. Starting with threshold capabilities, in resource-based theory these are resources and competences required to even begin competing with other companies. Directly translated to location characteristics, these factors should constitute the mere base for conducting operations. It seems that from the results gathered, the case study participants value these factors higher than they would in theory. From the summarised table of threshold capabilities, it can be observed that each company considers at least one threshold capability as a strong factor for establishment at that specific location. Some even regard certain factors as deciding factors, standout influences as to why they are present in the current area. If the result would follow theory completely, perhaps more answers would lean towards these areas being valued as soft factors of contribution instead. As noticed in table 5.1, there is a clear light green majority among the categories. In this way, the result contradicts theory.

Another noticeable thing is the slight absence of influence from threshold capabilities. Many of the boxes are left empty for the case study participants. It would be natural to assume that threshold capabilities per definition have strong representation across the interviews, but as mentioned above, valued as soft factors. This does not seem to be the case, especially for BIG DRUM, Beskows Drycker, and VCBC. One possible explanation could be the types of industries the companies are present in, leading to different amounts of threshold requirements. Still, both BIG DRUM and VCBC operate production facilities like many of the other companies investigated. It could be that some thresholds are situational rather than industry specific. Another explanation could be how much time that has passed since the decision. What BIG DRUM and VCBC have in common is that both decisions have a twofold background with regional establishment leading to more presence or further operations under different ownership. Both cases then possess these situational characteristics as well as occurring a long time ago. However, altogether, threshold capabilities were mentioned the most across all participants. It corresponds with theory in that sense, having many threshold factors, and perhaps fewer deciding factors, present in a location decision.

It seems that logistics is the threshold area most companies investigate prior to a location decision. This was also true for the cases that were not connected to the location of production facilities. Both Ekens Assistans and Stadium regarded logistics on a similar level as these, something that indicates that all companies face logistical challenges in different forms. Only BIG DRUM had placed the facility in a remote residential area without optimal logistics. This was also addressed by the company, describing how logistics would be more highly regarded today. There could also be a link here to the lowest valued area being natural resources. If a company is situated in a context where required natural resources are easily accessed logistically, substantially lower value will be put on having them present at the location. It would then be a worrying result for a company such as Beskows Drycker, that unlike the rest so highly valued the local natural resources.

During the interviews, only one strategic capability was mentioned. Nonetheless, it was stated in three separate cases as the deciding factor as to why the company was drawn to the location. It goes along with what is mentioned in theory quite well, that strategic capabilities are rare and very hard to come by. Additionally, that the companies valued it as deciding also further implies that resource-based theory of strategic capabilities matches practice in that regard. The results indicate that very knowledgeable labour is extremely difficult to find, and something that distinguishes the location greatly from other options. Furthermore, it shows the trouble that companies seem to go through to find the wanted competence. If this search for knowledge corresponds with the company's motives behind the location decision, it often then also leads to the company choosing that location. This further amplifies the value of strategic capabilities in the location decision context.

Another idea developed during interviews was that strategic capabilities perhaps could be formed from a combination of threshold capabilities. In many of the conversations, what made the chosen location stand out against other alternatives was not that the same threshold capabilities could not be found elsewhere. Several other places could provide many of the conditions the company wanted, but it was difficult to obtain the full list of required threshold characteristics. This could also explain the rather scarce list of strategic capabilities found, with the reason being that a strategic capability for the company sometimes is equivalent to a combination of threshold capabilities, instead of just one sole factor.

As for dynamic capabilities, there was a clear absence of results in this category. Three potential reasons for this are:

1. Companies do not value this part of resource-based theory with respect to locations.
2. Many location decisions are done with the present situation in mind, hence less focus on the future needs, and therefore lower value is placed on dynamic capabilities.
3. All investigated decisions happened in the past. Dynamic capabilities could have had a larger role at the time, but it was not something that surfaced during the interviews.

It is a surprising result nonetheless considering the importance placed on dynamic capabilities in resource-based theory.

5.3 Macro-environmental factors

When analysing the results, there are some important findings to further discuss connected to this area. Below, the macro-environmental factors affecting the locations decisions are examined via the same colour scheme as before:

Table 5.4: Macro-environmental factors gathered from the interviews. These are graded in deciding factors, strong factors, and soft factors.

		<i>Ekens Assistans</i>	<i>Beskows Drycker</i>	<i>VCBC</i>	<i>BLS Industries</i>	<i>BIG DRUM</i>	<i>Stadium</i>	<i>Cloetta</i>	<i>DUX</i>
Macro-environmental	Beneficial politics/policies	Yes	Yes	-	-	-	-	Yes	-
	Economic growth/heavy investments	Yes	Yes	-	Yes	-	-	Yes	Yes
	Cost of labour	-	-	-	Yes	-	-	Yes	Yes
	Unemployment numbers	-	-	-	-	-	-	Yes	-

Beneficial politics/policies

Both Ekens Assistans and Cloetta had this as a deciding factor with heavy impact on the location decision. Since it is a quite broad category, the reasons behind the grading differed a lot. The business of Ekens Assistans was very reliable on what type of political governance a municipality had. It was directly linked to the degree of publicly financed privately owned business that was allowed to be done in the region. Regarding Cloetta, the single most influential motive for their location decision was the state aid. It was a three-step program, funded by the Slovak government, that contributed to a setting extremely difficult to come by elsewhere. In addition, Slovakia had a flat tax rate of 19%, which also was addressed as very beneficial conditions for the company to do business in. Beskows Drycker also briefly talked about the municipality politics towards small actors and start-ups, and that it was something Fredrik Beskow reasoned about prior to the decision taking place. The other companies in the study either did not mention anything connected to this area, or actively suggested that it did not affect the choice at all.

Economic growth / heavy investments

Having economic growth at the location was something several participants described as a positive thing, but not considered more than a soft factor. Ekens Assistans, BLS Industries, and DUX all talked briefly about the beneficial company climate that economic growth brings. As for Cloetta, by having the government invest in the region in the form of an industrial park, and consequently observing the area blossom, was a big part of the reason why the company decided on Levice. Although being influential, it was not on the same level as the other macro-environmental factors described in this section. Beskows Drycker was in a situation where it was crucial to receive funds for further expansion. Based on that, the

company saw the willingness to invest in Bjäre and it was an attractive reason to locate there. VCBC, BIG DRUM, and Stadium all explained that economic growth had nothing to do with their choice of location.

Cost of labour

To continue the list of different deciding factors behind the location decision of Cloetta, cost of labour was very important. It corresponds with the other reasons discussed as well, with strong background motives of cost savings for shareholders. Regarding DUX, they witnessed how many competitors were transferring business to low-salary countries in mainly Asia. For the company to have any chance to compete, a reduction in cost of labour was necessary. DUX then found middle ground with operations placed in Porto, a country with lower salary levels at the time (prior to the creation of the European Union). The category is therefore considered a strong factor. The final respondent that commented on this section was BLS Industries, where some reasoning was done in terms of different salary structures in areas around bigger cities versus the situation further away. However, Rebecka Spånberg explained that it did not affect the company decision that much. Among the other companies, this category was not mentioned during the conversations.

Unemployment numbers

When Cloetta consolidated much of the business in Levice, it was clear that none of the previous employees would follow due to the large differences in salaries in Slovakia. As a result, the huge facility required hundreds of new employments. It was therefore crucial that the location would have the supply of workforce the company demanded. At the time, the unemployment numbers were very high in Slovakia, which led to this category being regarded as a deciding factor. It also follows the theme of the main motives being cost savings for Cloetta. No other companies discussed this aspect during the interviews.

5.3.1 Macro-environmental results analysed further

The replies differed a lot with respect to macro-environmental factors. For some participants, this part of theory was very applicable to the background motives for their location decision, while others fully disregarded the category. One characteristic that at least Cloetta and DUX had in common was the decision to place business abroad. As a result, both companies had influences from PESTEL connected to their decisions. While discussing the PESTEL topic, a finding is that companies in the study only considered political and economic reasons as important. Prior to the interviews, the list of factors investigated was narrowed down to skip technological and environmental reasons in the framework. It could have affected at least soft factors found, as it was apparent during interviews that sometimes the companies overlooked certain involvements in the decision process. If direct questions were asked connected to these areas, then there were positive answers in some of the cases.

Another important result is that companies found value in cost of labour and unemployment numbers. These were two categories that were removed when refining the final list. Since they were brought up outside of the interview questions, it could indicate that they hold even greater meaning than what they are valued as here. At least this can be related to cost of labour, with three companies regarding it as having an impact on their choice of location.

As for social and legal influences, these were both areas with no contribution to the location decisions. One reason behind the absence of legal factors could be the types of locations investigated. All were places in Europe, in countries within the European Union, which made differences harder to find. The only company that even spoke slightly about the topic was DUX with their establishment in Porto, prior to Portugal joining the European Union. However, Charlotte Ljung commented on it more as a negative thing, making the company's work more difficult to align, leading to administrative trouble. Having no social factors present could be derived from the fact that no participating companies had background motives to reap profits from a certain local customer base. The only interview that discussed strong customer influence was Ekens Assistans, but then they were considering where existing relations were located and not the behaviour or characteristics of these people. As for social culture, this was only very briefly covered by DUX in the form of what the company had learned in terms of cultural differences. It did not affect the location decision, and neither was it discussed prior to the business establishment.

The CAGE framework was left out of the study due to the investigated locations being similar to the company origins. From the interview replies, this choice seems to have been accurate. No company brought up factors that could solely be linked to the framework. If the locations or company origins would change, perhaps more merit could be placed in this part of theory.

To summarise the analysis of this category, it seems that either companies put strong emphasis on macro-environmental factors, or they are almost fully disregarded. Additionally, the results indicate that if macro-environmental factors are present, then it is rare to find more than one of them with strong influence on the decisions. Even though Cloetta both had strong political and economic macro-environmental motives, these were connected to the same thing - cost savings. This is a finding that is heavily supported in theory, where long lists of factors derived from PESTEL are narrowed down into key drivers for change. These are the important factors for the companies to account for. It seems like the participants have done something similar here in terms of concentrating on the important macro-environmental parts with relation to their specific location decision.

5.4 Agglomeration and Competition factors

Some agglomeration and competition factors were observed during the interviews. These are collected and graded in table 5.5.

Table 5.5: Agglomeration and competition factors that influenced the location decisions. These are coded in deciding factors, strong factors, and soft factors.

		<i>Ekens Assistans</i>	<i>Beskows Drycker</i>	<i>VCBC</i>	<i>BLS Industries</i>	<i>BIG DRUM</i>	<i>Stadium</i>	<i>Cloetta</i>	<i>DUX</i>
Agglomeration and Competition	Network of suppliers and/or supporting industries	-	Yes	Yes	-	-	-	Yes	Yes
	Proximity to customers	Yes	-	-	Yes	-	-	-	-
	Competition (seek to either encounter or avoid)	-	Yes	-	Yes	-	-	-	-
	Characteristics of the area (city centre, suburban, or rural)	Yes	Yes	-	-	-	Yes	-	-

Network of suppliers and/or supporting industries

This category was either highly valued by companies, or it was not affecting the decision at all. Fredrik Beskow even drove out himself to the region to scout potential partnerships prior to the company establishment. It was all connected to the main motives for the company, to find high-quality raw material, which then is refined externally, and finally enhanced in-house. As for VCBC, Cloetta, and DUX, all three contexts are very similar. They all placed production in a location with a long tradition of industry. Consequently, the area had all conditions the companies required for business establishment. Both BIG DRUM and BLS Industries had networks of suppliers that were not directly tied to the region they located in. Stadium and Ekens Assistans did not locate the type of business that depended much on suppliers or related industries. It resulted in those companies not valuing this category at all.

Proximity to customers

The overall strongest impacting reason behind Ekens Assistans placement of the company was the proximity to customers. Ever since the idea of starting a business originated from the discussions with potential customers, the whole reason was to supply the people in this region with a better service. Therefore, this category is regarded as a deciding factor. BLS Industries could have been left out here, but having production in Sweden where most of the company's sales are, was something mentioned during the interview. It did however not impact the final

company location, but it had some kind of influence, hence the soft factor marking. None of the other companies had a connection between customers and the region they placed the business in. Potential reasons for these results are further elaborated on below.

Competition

Only two participants considered competition as a factor that held meaning in the decision. In both cases, it was a soft factor that did not change the direction the company already was heading. Unlike what Porter (1990) described, Beskows Drycker viewed competition as something to steer away from, to distinguish the company from the many other actors in a saturated area. BLS Industries reasoned similarly, naming the absence of competition a positive thing with the location chosen. An explanation could be the major focus the company put in finding a location with potential to attract employees. Having to fight for the wanted labour force was therefore avoided by removing the company from local competition. In the other cases that were reviewed, competition was sometimes discussed, but it was never regarded as something that affected the placement of the company. It was more a positive consequence in the form of potential cooperations, or the company setting was that of themselves being the only actor within the industry at the location. The significance of competition, or here the lack thereof, is commented on further in the analysis section below.

Characteristics of the area

Stadium had a strong background motive for their location decision connected to the employees. Therefore, Daniel Löfkvist explained how placing the business in an accessible area with a convenient distance to Westfield Mall of Scandinavia, and other features around the facility, increased the overall well-being of the people. Ekens Assistans saw a marketing related tendency among customers, that if they located in a more suburban location, the company credibility was higher. Beskows Drycker tried different types of areas for the office space, however, the company dense environment in Båstad Företagsby was the most suitable in the end. As for the other companies, they all had in common that they moved into large facilities where they produced goods themselves. Many of these were also located in industrial areas far from big cities or city centres. At these facilities, they also did not interact much with direct customers. It is not surprising that the findings then indicate on a lack of focus connected to this category.

5.4.1 Agglomeration and Competition results analysed further

Similar to the previous area of theory, the contribution of agglomeration and competition factors seems to differ a lot among participants. Some of the companies (Ekens Assistans, Beskows Drycker, and Stadium) have deciding factors that stem from this category. However, they all value different things with respect to theory. It is also very noticeable that no company values more than one of the categories as a deciding factor. It contradicts what Porter (1990) mentions regarding single areas in his framework not holding strong-enough importance to form competitive advantages. If the findings would correspond with theory,

more deciding factors would have been present in the cases where one finding was considered a deciding factor. It is also reasonable to assume that a more even ranking would be present in the other cases, with one area not standing out while others being valued lower.

Another remarkable finding is that the participants that valued agglomeration and competition factors on a deciding level, all distinguished themselves within the investigated group of companies. Ekens Assistans is a service business, Beskows Drycker is a single employee start-up company, and Stadium placed company functions such as e-commerce, purchasing and HR at the location. The other companies all spoke about location decisions of production facilities. This could have influenced the results since it indicates a lack of attention to agglomeration and competition theory for these kinds of businesses. Furthermore, it is no surprise that a service providing company is very interested in where the customers of these services are located. Additionally, the smallest company, with the highest business dependency on other actors, also valued the greatest number of different agglomeration and competition factors. That feels reasonable.

One interesting result is that unlike Porter (1990), the companies seem to not place as much emphasis on the importance of competition at the location. Only two participants considered it to have a direct impact on the location decision. In both these cases, it was regarded as a soft factor as well. An explanation could be that many of the decisions examined in the study were connected to location of functions to which the companies prioritised differently than how they would be regarding, for instance, a placement of heavy R&D or other knowledge intensive functions. Similarly, proximity to customers also seems to be of less importance. Only the service company Ekens Assistans valued this highly, and even VCBC, with the company motto “build where you sell”, disregarded this category. Furthermore, no interview covered the subject of very demanding customers that the company sought to be close to. Again, there is a possible connection here to the types of business functions the location decisions targeted. With another composition, perhaps other results would have surfaced with more emphasis on customer proximity.

A possible answer to the lack of connectivity among the replies in this area of theory is the removal of factor conditions from the list of contributing factors. It was done since much of that area was covered by resource-based theory anyway. When doing so, many of the boxes, in which companies would have put relevance with respect to the location decision, were also transferred to another section of theory. Perhaps a more suitable analysis here would then be that factor conditions seem to be very important, considering the large part of factor conditions found and how highly they were rated. This contradicts what Porter (1990) describes on the subject, labelling factor conditions as often being easy to replicate and thus not giving locational competitive advantage.

As for the questions in the interviews that covered cluster environment in the form of local culture and tacit knowledge, none considered these two influential for the location decision. The most common answers were either that it was not something being looked at, or the company did not even consider it at all. In all cases where discussions on the subject arose, it

was regarded as a positive thing having an environment with spontaneous meetings and casual discussions. However, it was not something in the end that much value was placed on. This could be explained by the difference in both company functions and industries the participants are present in, compared to the companies Saxenian (1996) investigated in Silicon Valley. Another reason could be that the locations investigated more so resemble the East Coast clusters nearby Boston in terms of openness and governance structure. Looking at the firms that participated in the study, not one high-tech company was interviewed. Perhaps with such an addition, more focus on local culture and tacit knowledge would have been found.

The most significance among agglomeration and competition factors were put on supplier networks and the characteristics of the location. Much of the production-based businesses investigated were also placed in industry clusters fitting for production. This goes along with what Porter and Stern (2001) mentions in their article on how different functions are suitable for different types of clusters. Beskows Drycker also sought this kind of environment, although more so portrayed by a company dense environment with many other businesses located in the same building. Stadium had a similar mindset, locating their office space next to several other well-known brands in a business park in Solna.

5.5 Stakeholder factors

The stakeholder factors found during the interviews are collected below and evaluated through the same colour scheme as earlier.

Table 5.6: Stakeholder factors discovered during the interviews, categorised in deciding factors, strong factors, and soft factors.

		<i>Ekens Assistans</i>	<i>Beskows Drycker</i>	<i>VCBC</i>	<i>BLS Industries</i>	<i>BIG DRUM</i>	<i>Stadium</i>	<i>Cloetta</i>	<i>DUX</i>
Stakeholder	Internal stakeholder influence	Yes	Yes	Yes	Yes	-	Yes	Yes	Yes
	External stakeholder influence	-	-	Yes	Yes	-	Yes	-	-

Internal stakeholder influence

This is a broad category depending on the organisational structure of the companies that were investigated. Starting with Stadium, the company had a long process of several internal stakeholders who were involved and assessed the decision. Additionally, the CEO at the time of the first establishment in Stockholm heavily influenced the company to locate there. Cloetta also had a comprehensive decision process, but it was initiated and led by the majority shareholders. It was having their best interest in mind that ultimately led the company to locate in Levice. In both these cases, the involvement has been valued as a deciding factor.

DUX, BLS Industries, Beskows Drycker, and Ekens Assistans, had very similar processes among the four companies. All these held discussions within the owner family and the conclusion was also what the company later followed. It was not, however, personal opinions and motives that led to the decisions, but overall other factors that decided the final location. Therefore, this category is regarded as a strong factor and not a deciding one. As for VCBC, it was a two-person decision that set the foundation for what later came to be an in-depth partnership in Olofström, and consequently placing the business under Volvo Cars' name. Lastly, BIG DRUM had no real information regarding the internal decision process, which led to that company being left out.

External stakeholder influence

The external stakeholder influence was more difficult to assess. Starting with VCBC, the external stakeholder was Alfa Laval that pushed for the Volvo Cars acquisition in 1969. Another influence that came to be important for the future business in Olofström was the willingness of Karl Granfors to conform with the business plans of Volvo Cars' founders. If he would have said no, then the business might have been located elsewhere. However, this was not the deciding reason that made Volvo Cars advocate for conducting business in Olofström. As a result, it is labelled a strong factor. Both BLS Industries and Stadium held discussions with external stakeholders prior to the location decision being finalised. In BLS Industries' case, the company was able to benefit from external stakeholder interest and gained negotiating power when deciding on Ystad. Regarding Stadium, a similar reasoning applies to the situation, and they had discussions with the facility owner about the shared responsibility of setting up office space according to their requirements. For both these location decisions, external stakeholder influence has been valued as a soft factor. The rest of the companies explained that there were no external influences at the time of their decisions.

5.5.1 Stakeholder results analysed further

It was apparent that in almost all location decisions investigated, there was strong decisive internal stakeholder influence present. This partly follows the typical corporate governance structure that Jacoby (2005) describes, with significant power and impact on decisions found the higher one climbs the organisational tree. Jacoby (2005) also mentions how ownership and management often is separated, something that did not conform with the structure of the many family-owned companies in the study. Since less different opinions were present in those cases, it could be a reason as to why the decision-making process was very straight forward. Having both ownership and management in the family certainly makes differences in information, power, self-interest, interest, and personal goals less probable. This is much related to principal-agent theory from Eisenhardt (1989), the multifaceted stakeholder understanding from Mendelow (1991), and the complex organisational networks in actor-network theory from Latour (2005). Furthermore, the shareholder influence on the decision Cloetta took also backs the traditional top-down governance structure of a publicly quoted company that Johnson, Whittington and Scholes (2012) highlight. Here, the power was residing at the management and ownership level of the investment firm Leaf since the internal

stakeholders of Cloetta's closed facilities were unable to continue due to the location decision. It was both with respect to regular employees as well as management of the production facilities.

Stadium's decision was by far the most complex one in terms of what was said during the interview. If it would have been possible to investigate the impact of all separate company departments, the board of establishment's role, and lastly the CEO and COO influence, a very interesting explanation could have been formed. It is likely that the event could have been dissected through principal-agent theory by Eisenhardt (1989). Daniel Löfkvist even slightly discussed the non-conformity early on regarding the two Stockholm based locations in question, as well as the CEO with family located in Stockholm.

A comment regarding the absence of other stakeholder factors must also be made. During the interviews, responsiveness to the questions covering the stakeholder category gradually declined. It can be seen in the broad positive results connected to internal stakeholders, followed by a lot less consistency in external stakeholder influence, concluded by very little information regarding how actor-network theory or principal-agent problems affected the decision. It could be explained by something as simple as the fact that there is no impact from these categories. Another potential reason is the company willingness to fully disclose these types of disagreements publicly. It is very likely that family-owned companies also even more reluctantly display this type of information. However, it leads to a setting in which further analysis of stakeholder influence is difficult.

5.6 Miscellaneous factors

Findings outside the theoretical framework were also observed during the interviews. These are collected here and graded similarly to the system shown before.

Table 5.7: Miscellaneous findings in the interviews coded in deciding factors, strong factors, and soft factors.

		<i>Ekens Assistans</i>	<i>Beskows Drycker</i>	<i>VCBC</i>	<i>BLS Industries</i>	<i>BIG DRUM</i>	<i>Stadium</i>	<i>Cloetta</i>	<i>DUX</i>
Miscellaneous	Previous history at the location (cooperations or prior establishment in the form of facilities)	-	-	Yes	Yes	Yes	Yes	-	Yes
	Employee preserving reasons (Geographical proximity to prior business or employees)	-	-	Yes	Yes	Yes	-	-	Yes
	Company owner/founder is from the location	Yes	-	-	-	-	Yes	-	-
	Marketing reasons/brand association	Yes	Yes	-	Yes	-	-	-	-
	Administrative benefits	-	-	Yes	-	-	-	Yes	-
	Circumstances or chance	-	-	-	Yes	Yes	-	-	-

Previous history at the location

A clear connection was found between previous company history at a location and where the participants later decided to place the business. This turned out to have the same impact regardless of whether the previous history was related to former partnerships or internal company functions. Volvo Cars' own location decision is traced to 1967 when the factory in Olofström was acquired. However, despite all beneficial reasons associated with Olofström, the decision was heavily affected by the fact that Volvo Cars had a very close and advanced partnership with Svenska Stålprensings AB. Stadium on the other hand placed two different internal company functions in Stockholm prior to the actual investigated decision. This background led to the company seeking for the same familiar surroundings previously shown to be successful. In both cases mentioned, the company history was a deciding factor as to why the final location was chosen.

DUX is a bit more complicated to assess. The company had no previous background in Porto prior to the first company establishment. However, over time, the company gradually moved much of the production there and the reason was very connected to the company history at the location. If this decision would be viewed as a process rather than an all-in-once transfer, this category would also have the value of a deciding factor. Now, the decisions in this study are not regarded as such, but it still makes it hard to disregard the value the history had for the company's location decisions with respect to Porto. Therefore, the category is marked as a strong factor instead.

BIG DRUM's choice to increase operations in Edertal was closely related to the background in the nearby town Gudensberg. The company sought for a way to increase space for production, and it was positive if this was possible to find in the area. It has been valued as a strong factor rather than a deciding one due to the factor following this one holding more importance. A similar reasoning is done regarding BLS Industries' history in Sjöbo municipality, just next to Ystad. There is a strong influence on the location decision, but the only reason it is valued as a strong factor, and not a deciding one, is due to the next category displayed.

Fredrik Beskow had some connection to the Båstad region earlier, but it was not something that was discussed during our interview. Consequently, it has not been added in this analysis. As for Ekens Assistans, the company was founded in the location it is present at currently and was therefore not added in this category. Cloetta had no connection to Levice or Slovakia before consolidating operations there and was also removed from here.

Employee preserving reasons

This category is closely related to the previous one. Often if a company has history in a location, the employees are also a part of that background. As a result, almost all companies that valued the category above are also found here. BLS Industries and BIG DRUM had very similar reasoning regarding their location decisions. Both companies considered their employees their greatest company assets. It led them to do everything in their power to remain in geographical proximity of this competence, resulting in a small circle of potential locations to pick from. DUX spoke of similar values with respect to their employees. However, with the same logic applied as in the previous category, DUX's decision was more of a process of establishment, where later these impactful insights came to affect the following decisions. Consequently, it cannot be labelled a deciding factor and stays as a strong one instead. VCBC also had employee-preserving motives, but it was more so the total sum of all beneficial conditions in Olofström that affected the decision the most. Lastly, Stadium did not talk directly about preserving the employees, but perhaps having the well-being of the employees at best should have rewarded them a spot here as well. This factor was instead reflected in "access to public transport" and "characteristics of the area".

Company owner/founder is from the location

A very straight forward category that had an impact on some of the decisions. Mainly for Stadium that addressed both the Norrköping headquarter, that mainly located in the city due to the owner's history there, and the Stockholm establishment, an initiative of the CEO with personal connection to Stockholm, as affected by this. As for Ekens Assistans, it was a big factor that Ulla Persson had worked in the municipality organisation there before. It was also through her work she encountered all potential customers in the area. The other participants in the study did not address this topic, so no further investigations of personal connections to regions were done.

Marketing reasons / brand association

The marketing reasons associated with the Bjäre peninsula was a crucial background for Beskows Drycker's establishment there. Together with the deciding factors discussed before, the region created a package deal that perfectly fit the company image Fredrik Beskow sought to shape. Both Ekens Assistans and BLS Industries talked about the benefits of the location in terms of promoting the business. It was important in relation to customers, as well as how attractive the place was for new employees. Apart from these three companies, no others elaborated on the influence and value of the location as a brand.

Administrative benefits

One of the benefits for Cloetta when consolidating the business was the reduced amount of paperwork connected to company contracts. Before, each of the closed facilities had their own set of contracts negotiated. Another positive aspect was the seven different management teams that were transformed into just one. It was a background reason for the consolidation, resulting in the location decision being made. Igor Mandryš also discussed how the company would have a much better position in future negotiations with the new large-scale facility. A similar reasoning could be applied to VCBC and Volvo Cars' decision to acquire the business there. At the time, it was customary for large companies in the automotive industry to have in-house production. One of the motives behind was therefore said to be rationalisation, with strong connection to the large-scale operations at the location. This setting was not applicable to any other decision investigated.

Circumstances or chance

Sometimes evaluating long lists of factors and deriving a perfect location only takes the company so far. An opportunity must present itself with the proper characteristics, at the correct location, and at the right time. For both BLS Industries and BIG DRUM, this was the case. When Rebecka Spånberg spoke about the location decision context, she explained how the company had troubles finding a fitting facility that matched the wanted geographical location. Suddenly, another company shut down operations and left a perfect building, with all the correct features, in a location that also met all other requirements. Altogether, the most

coincidental location decision must be that of BIG DRUM. Even Matthias Ruppert, with over 30 years of experience at the company, did not have a clear reason as to why the company decided on Gudensberg for the European branch. It was also something that greatly influenced the Edertal-decision since the company later had strong incentives to keep the business in the same geographical area. For lack of a better word, it is categorised in this section as well.

5.6.1 Miscellaneous results analysed further

Since no theoretical framework was developed to contain these findings, there are no connections to be done with respect to theory. It can however be said that these miscellaneous factors hold large relevance for location decisions. As established earlier, there seems to be a link between company history at a location, and employee preserving motives. When one is present, it is very likely the other also is valued highly. Another interesting finding is that personal background can turn out to be a deciding factor as well. Although relevant, it is important to acknowledge that it solely was never the reason described by the participants. That certain companies are utilising the location to form a strong brand is also an interesting result. Beskows Drycker shaped a value proposition that perfectly fit the characteristics of Bjäre. Potentially, both sides could mutually benefit from such a symbiose. As for circumstances or chance, Porter (1990) describes how competitive advantages sometimes arise from major shifts that are difficult to assess and fall under the category “chance”. There is a connection to be made here with the location decisions of BLS Industries and BIG DRUM. A major shift certainly occurred in the location rankings when Ystad suddenly had a perfect facility ready. Simultaneously, chance can also embody the meaning of something that is unexplainable. It is in that sense the BIG DRUM location decision in Gudensberg is regarded.

To conclude this section, it is evident that when factors outside the investigated scope are found, they also have a major impact on the location decision. They were all either deciding factors or strong factors of influence, which shows that these were necessary to account for, despite falling outside of the pre-set theoretical framework.

5.7 Summary

After a substantial analysis of the results, a final summary is in order. Based on the collection of information gathered from each interview, it seems like the decisions have linkages to the theoretical framework, as well as to additional parameters of influence. In addition, the company context and characteristics also hold value, and further add to the complexity of the location decision. To showcase what the analysis contributed with in each case, they are all portrayed again below. Here, the soft factors have been removed to highlight the more important areas.

Ekens Assistans

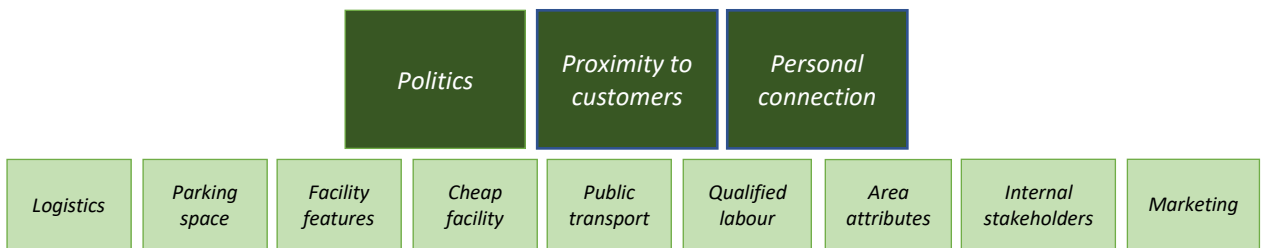


Figure 5.1: All deciding factors and strong factors that impacted Ekens Assistans' location decision.

Beskows Drycker

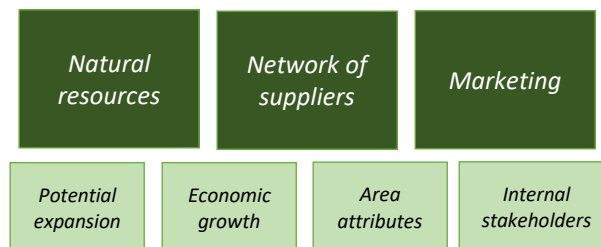


Figure 5.2: All deciding factors and strong factors that impacted Beskows Drycker's location decision.

Volvo Cars Body Components

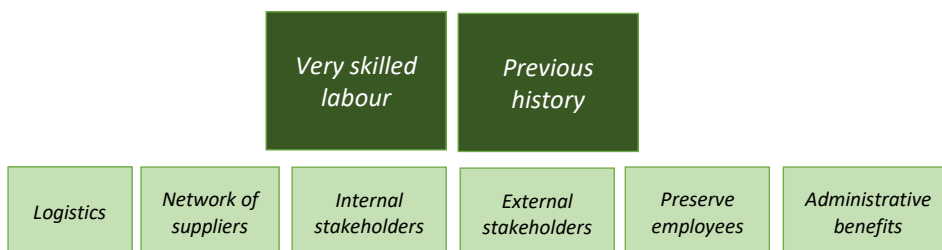


Figure 5.3: All deciding factors and strong factors that impacted Volvo Cars Body Components' location decision.

BLS Industries

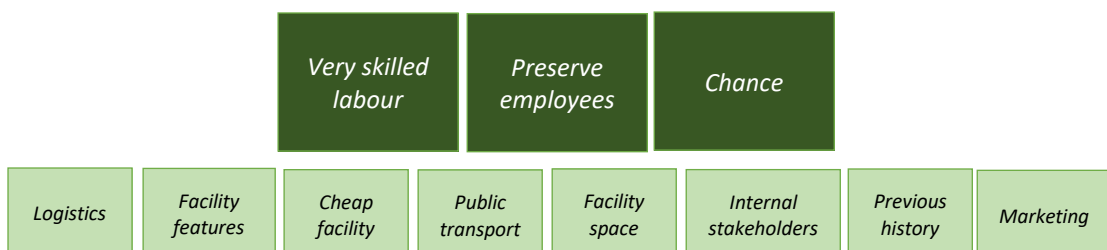


Figure 5.4: All deciding factors and strong factors that impacted BLS Industries' location decision.

BIG DRUM



Figure 5.5: All deciding factors and strong factors that impacted BIG DRUM's location decision.

Stadium

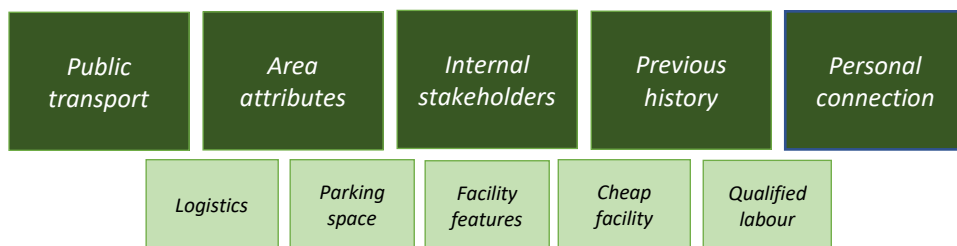


Figure 5.6: All deciding factors and strong factors that impacted Stadium's location decision.

Cloetta

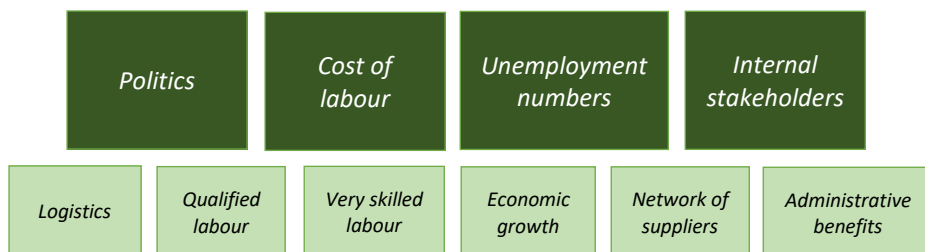


Figure 5.7: All deciding factors and strong factors that impacted Cloetta's location decision.

DUX

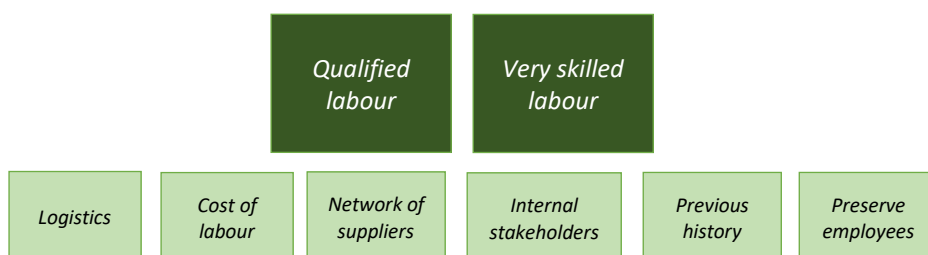


Figure 5.8: All deciding factors and strong factors that impacted DUX's location decision.

6. Discussion

In this chapter, a discussion is formed around three major areas derived from the analysis. These were assessed to be the influential elements of a location decision and deemed relevant with respect to the research question and sub-question. The targeted areas consisted of direct impact of the theoretical framework, impact of the participants' characteristics, and impact of interconnectivity between factors.

6.1 Three important areas

From the analysis, it is evident that a location decision is an extremely complex event consisting of many different dimensions. Not only has it close connections to the areas of theory in the developed framework, but it seems to also be significantly contextual, with company specific characteristics. In addition, the analysis indicates that many impacting areas are linked, and together they form a special setting that further affects the location decision. Some parts of theory were also observed to have low actual value for the subject investigated. It seems as if these areas either are deliberately undervalued or disregarded by companies during the location decision process. Simultaneously, certain parts were highlighted as extra influential and valued higher by many participants in the study. The analysis therefore assisted in narrowing down the problem and helped framing it more effectively. Further discussions of the results will be centred around the three main areas derived from the analysis.

1. Impact of theory and additional/miscellaneous findings.
2. Impact of company characteristics.
3. Impact of interconnectivity between factors.

6.2 Impact of theory and additional/miscellaneous findings

Resource-based findings

Out of the areas investigated, resource-based factors seem to have a huge relevance for a location decision. Every single company considered at least one category that stemmed from this part of theory as important. It indicates that companies generally value these factors when choosing a location. Once the soft factors of contribution were removed, another image of a location decision could be generated. By the looks of it, companies view threshold capabilities as impactful for a location decision, but not on a deciding level. It is quite evident when observing figure 5.1-5.8, that the threshold capabilities function as a base for the more important areas. With this construction, the capabilities still work as building stones for company operations, just that they perhaps are more valuable than what theory describes. This is an interesting finding that shows how theory accurately describes threshold capabilities as

inferior to other factors, meanwhile potentially undervaluing them with respect to companies' opinions.

Among the threshold capabilities, some findings were more frequent than others. Logistics was mentioned in nearly all cases and can therefore be regarded as very likely to impact a company's location decisions. The other threshold capabilities were scattered across all respondents, some holding slightly more value while others seem to be less common. When assessing individual meaning of these factors, it is then difficult to label one category as something having universal significance for all location decisions. This conclusion is further explained by the impact of company characteristics and factor interconnectivity.

Strategic capabilities were found to have an accurate connection between theory and practice. When there were present strategic capabilities, they also in general had decisive influence on the location decision. Furthermore, from the findings it seems like companies have quite similar evaluation of what a strategic capability is, unlike threshold capabilities where more unevenly distributed results were observed.

As for dynamic capabilities, these were seen to have little to no impact on location decisions. It can at least be said that the participating companies all had this view in common. Different reasons were presented in the analysis to address this, but it is hard to give a specific explanation as to why there is such a difference between the value of dynamic capabilities in theory versus practice.

Macro-environmental findings

There was a clear absence of diversity among macro-environmental factors related to the decisions investigated. Out of the areas covered in PESTEL, only political and economic reasons were considered by the participants. Additionally, there were disagreements with respect to how valuable these factors were. Once present, they either held very low value, or extremely high. Regarding the other parts of PESTEL, these seem to have low actual impact on a location decision. No company brought up anything applicable to any of these, and the discussions that slightly touched the topic were all forced by the interview guide questions. In those situations, all participants very clearly stated that no significance was placed on these factors. These findings connect theory and practice in terms of the key drivers for change that theory mentions and puts emphasis on. The results indicate that this is a common way for companies to approach their location decisions, which highlights the relevance of macro-environmental factors in that sense.

Agglomeration and Competition findings

Some important agglomeration and competition factors were also present. However, there was a significant lack of interconnectivity between areas, with respect to Porter's Diamond framework. Not a single company considered more than one of the agglomeration and competition areas as a deciding factor. This was also addressed earlier as a potential

consequence of factor conditions being transferred to resource-based theory. Still, companies seem to concentrate on a few of the areas rather than the whole Diamond framework. It is quite an interesting finding since one of the major strengths with the Diamond framework is exactly that, namely the benefits a fully connected diamond gives. Regarding other parts of theory in this section, some ties could be made to Porter and Stern (2001) in terms of the environment in which the business was placed. Both the characteristics of the cluster environment and the general surroundings were considered. Although present, it is difficult to say how much this factor alone impacts a location decision. As for local culture and tacit knowledge, the study indicates that these are not important when companies list the major contributing parts. The reasons behind this are most likely connected to the company characteristics of the participants in the study, something that is linked to the section covering impact of company characteristics below. In addition, a similar reasoning is applied on factors such as local competition and local customers.

Stakeholder findings

Only two of the more straight-forward implications of stakeholder theory were found impactful for a location decision. The strongest influence seems to have come from internal stakeholders due to the companies' governance structure being that of a classic top-down hierarchy. In some cases, external stakeholders were making an impression on the result, but the conclusion is that internal stakeholders often impact a location decision more than external ones do. It is difficult to assess more complex parts of intra-organisational dynamics regarding power, interest, self-interest, personal goals, and information, with the amount of insight one company interview per case brings. Still, it can be said that there were decisions with slight disagreements present. As a result, impact from actor-network theory and principal-agent theory problems cannot be completely disregarded as not affecting location decisions.

Additional/miscellaneous findings

Apart from the areas of theory and their contribution, several other important findings were discovered. In each case these were found, they seemed to either have a strong or deciding impact. Having previous history at a location, in the form of close partnerships or parts of the own business located there, heavily implied that the company would remain in the same region later when the decision was made. Furthermore, if that history was long and substantial, it was likely that the ties to the location were even deeper due to the long-term contracted employees of the company residing there. In addition, if someone at the company in a prominent-enough position had close personal ties to a region, it further increased the likelihood of the location decision resulting in an establishment there.

A completely different discovery was the ability to use a location as a marketing tool. Some locations seem to be brands in themselves, leading to companies locating there to benefit from the positive marketing effects these places generate. Here, the features of the location seem to be crucial. All locations chosen with a marketing purpose in mind had in common that they

were smaller cities or towns with rural attributes. Additionally, they were also often scenic with proximity to nature. It was evident that both parties then could mutually benefit from the relationship, with the location gaining from increased business and the company from being able to be associated with the name. It is safe to say that this was very important in the cases where these marketing ambitions were found. As for a general location decision, it is difficult to assess the effects of marketing value.

Some cases also had a more practical background of administrative benefits connected to the location decision. These were regarded as strong factors, but always inferior to other more important areas. When reviewing them in terms of how they affect location decisions, they are best evaluated as extra incentives for making the decision, but never significant enough to solely tip the scale.

The last finding was “chance”, and it is important to remember that sometimes everything is not possible to be perfectly planned out. Despite all efforts of contributing factors, it seems like chance can impact a decision to a large extent, as long as some of the previous decisive factors remain intact.

6.3 Impact of company characteristics

To add another dimension to the location decision, the company characteristics need to be accounted for. Companies have many differences that distinguish them from one another. These affect how one reasons with respect to the location decision. The analysis showed that when giving explanations of the results, much was also connected to the characteristics. It is therefore necessary to mention that these differences have impacted the findings. Below, the different company characteristics of those that took part in the study are displayed.



Figure 6.1: Company characteristics of the participants and their location decisions.

As stated above, this company mixture led to a certain type of answers. With another company setup, having different functions being located, with other company organisational structures, another list of contributing factors could have surfaced. It was also clear from the many interviews that each company creates its own context for a location decision. It is many times closely related to the long background history the company proudly displays. That history reflects decisions made over generations, and it is interesting to see how it all forms a hugely personalised setting, which altogether impacts the location decision. Before treading too far into this subject, it should be highlighted that despite the many differences, there were also similarities among the participants. A huge effort was made to show the significance of these results earlier, with respect to the theoretical framework alongside the additional findings.

Many of the contributions these characteristics had on the collected results were analysed and explained already during the previous chapter. It will therefore not be gone through again. Neither is it necessary to do so. Once one realises that the evaluation of certain location decision factors is company specific, but that the theoretical framework at the same time offers such a broad foundation in which it is very likely to at least find one match. Therefore, out of all participants, not a single case was found to have a complete absence of correlation between theory and practice. It is a strong advocate for how accurate the theoretical framework was. Meanwhile, the highly individual company context means that dissecting every single category's meaning on a location decision is difficult to form conclusions from. Only certain cases, where similar reasoning was held by the companies, were therefore brought up.

6.4 Impact of interconnectivity between factors

A topic briefly elaborated on previously is how certain factors, or groups of factors, seem to be interrelated. In the analysis chapter, a short section was devoted to the possibility of having groups of threshold capabilities form a specialised setting, in which the group would be considered a strategic capability. This is, again, very case dependent, but just the mere idea of having less valuable puzzle pieces form a setting difficult to replicate is an interesting concept, and highly relevant for the understanding of factors impacting location decisions. It is therefore perhaps not quite as important to analyse the effect of individual threshold capabilities. Viewing them either as building stones for a larger picture (mentioned before in the beginning of the resource-based findings discussion), or as grouped up to form new capabilities, could be more accurate.

Another related area, which will conclude this discussion, is the dependency discovered among many of the factors. To put this into context, some of the participant’s location decisions will hopefully showcase the idea below.

DUX

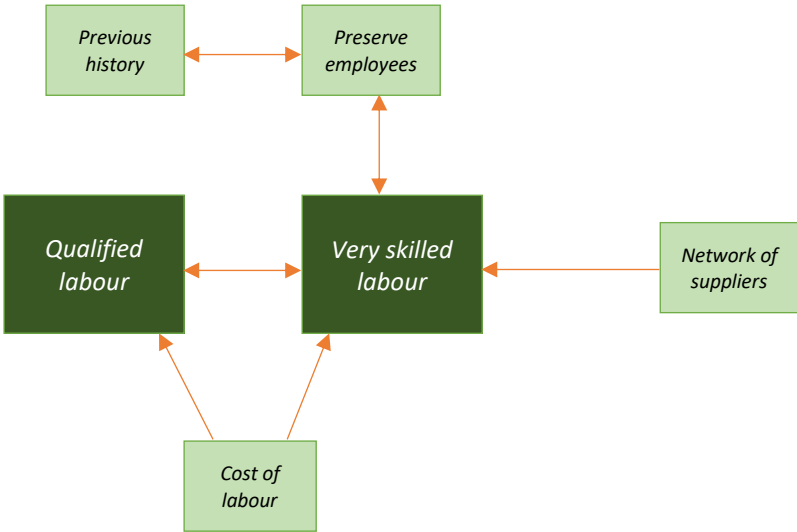


Figure 6.2: Interconnectivity between some factors impacting DUX’s location decision.

Here, in DUX’s location decision, the interconnectivity is very evident. It displays how the deciding factors are central for the decision. Simultaneously, the strong factors help in forming a setting where these deciding factors are enhanced. It is interesting to see how closely related many of these are, while they originate from very different parts of the theoretical framework. Still, this finding is perhaps not that surprising, considering that when the interview guide was developed and refined, some areas were removed due to overlapping different parts of theory.

Cloetta

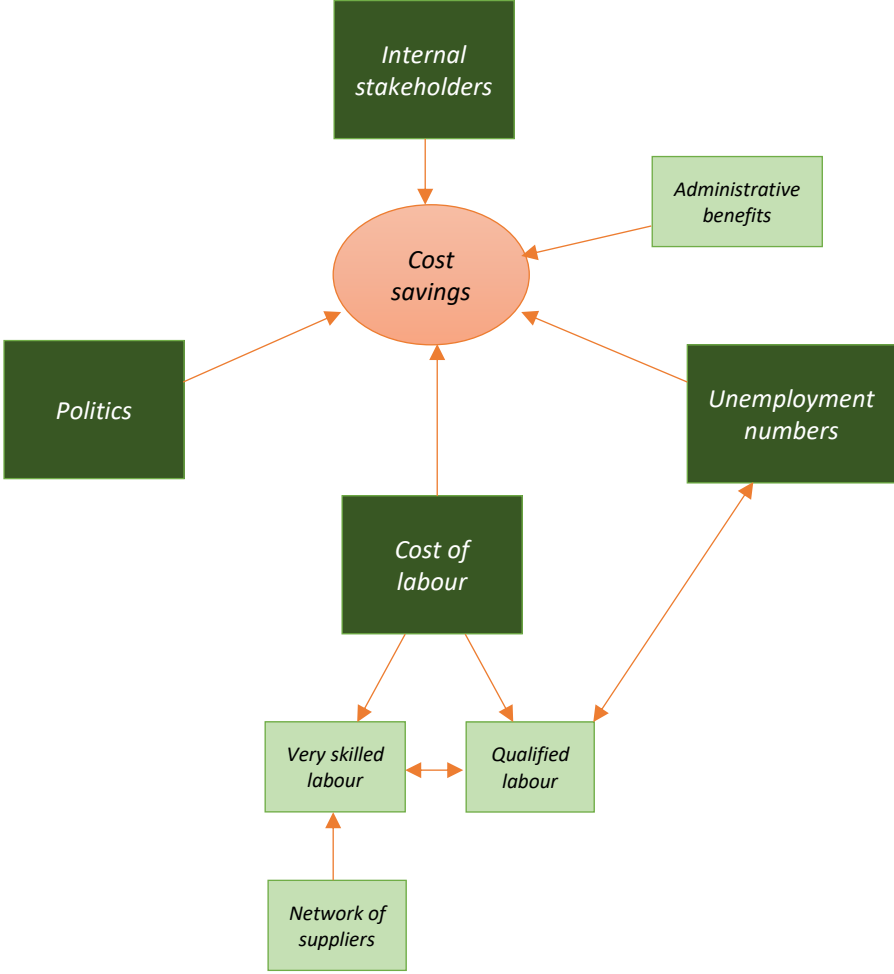


Figure 6.3: Interconnectivity between some factors impacting Cloetta's location decision.

Again, the interconnectivity of the factors is shown, this time in Cloetta's case. Slightly different evaluation of the categories is present here, but the same concept applies. I will not go through all eight cases, but the idea is portrayed for the reader to understand how interconnectivity makes the whole location context receive a higher value than what all factors would have had when mixed differently. One final location decision will be displayed with a placement of another function outside of a production facility.

Stadium

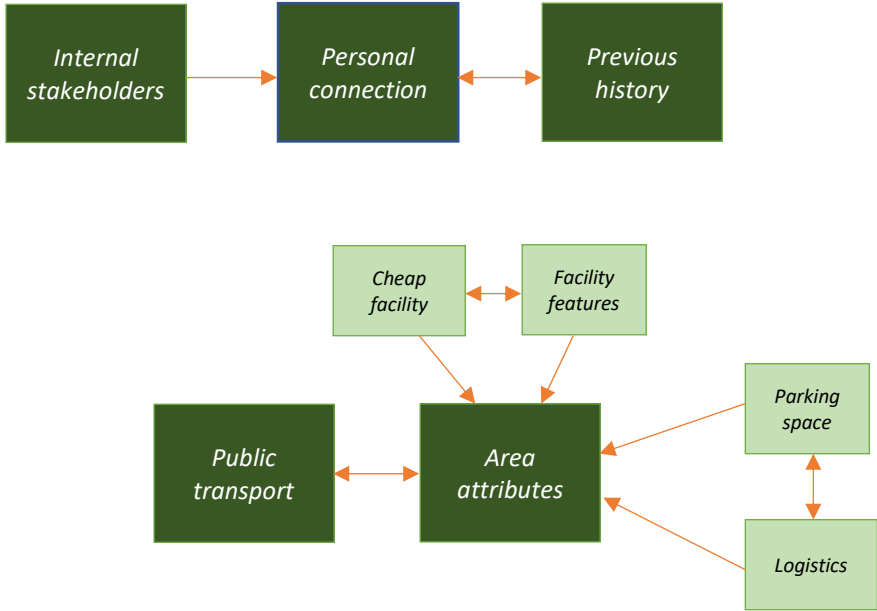


Figure 6.4: Interconnectivity between some factors impacting Stadium's location decision.

In Stadium's case, two different chains of similar impact were discovered. Both the decisive influence from the internal stakeholders, in prominent positions, with personal connection to the location, as well as what the characteristics of the area was. They held equal value for the final decision that was made. Once again, the grading of decisive and strong factors gives an accurate explanation of the location decision context. The final words of this chapter are that if one understands the relationships between factors, one also has a better understanding of location decisions.

7. Conclusion

Here, direct answers to the research question and the research sub-question are presented. In addition, a couple of words about the fulfilment of the purpose are given, as well as some reflections regarding the choice of methodology and theory. Suggestions of further research connected to the findings are then covered, which also concludes this thesis.

7.1 Answers to the research questions

This study sought to explore the location decision question by implementing a hypothetical list of impacting factors, derived from four different fields of theory. These were all considered on an equal level, and to complement it, interview findings that the case study participants themselves regarded as important were added. The findings revealed that a location decision is a very complex event, also highly contextual with respect to which company is being examined. Consequently, each company values certain reasons in its own way. However, despite the many differences, several conclusions could be drawn. These will be addressed when answering the research question and the sub-question, starting with the latter of the two.

Research sub-question:

Can the reason for a company's location decision be described by:

- *Resource-based factors?*
- *Macro-environmental factors?*
- *Agglomeration and Competition factors?*
- *Stakeholder factors?*

On their own, these parts of theory seem to not be comprehensive enough to fully describe why a company would select a certain location for the business. Although all proven here to have strong relevance for location decisions, the study indicates that they nonetheless come short individually when applied in a real-world context.

- *Or a combination of the above?*

The findings show that a combination of the fields of theory sometimes can provide a **good-enough** description of a company's location decision. It is generally so that all the areas have their own contribution and therefore must be included in the mix of decision factors. As for

the individual influence in this composition, the findings indicate that it is situational, depending on which location decision context that is investigated.

Research question:

What affects a company's location decision?

The conclusion to be made, regarding what ultimately affects a company's location decision, is that it is a collection of several elements. Firstly, it is highly reliant on the **combination** of resource-based factors, macro-environmental factors, agglomeration and competition factors, and stakeholder factors, mentioned in the research sub-question. Secondly, it is **case dependent**, namely through the company characteristics that impact evaluation of individual factors from theory, and by adding decisive additional/miscellaneous factors not covered by theory into the mix. These were discovered to often affect a location decision on a crucial level, equal to the influence of the factor combination from theory. Lastly, certain factors impacting a location decision seem to be **interconnected**. When comparing different locations from a company's point of view, this interrelationship leads to a context valued above other alternatives.

7.2 Reflections

Some other relevant parts to bring forward in this concluding chapter are here covered below.

7.2.1 Purpose

The purpose of the study was achieved through the framing of a company's location decision by the three-part dependency mentioned above. It was derived from an analysis of the extensive material collected during the case study. Furthermore, each area of theory's impact was explored. It showed how the decision was reliant on a combination of fields of theory rather than individual areas solely. Together, this assisted in developing a further understanding of the location decision setting.

7.2.2 Methodology

This study aimed to explore what companies themselves regarded as important in a location decision situation, and if it was matching what the different fields of theory mentioned about it. The exploratory purpose came to be a good choice due to the nature of the location decision and the individual characteristics of the companies. Additionally, having a predetermined theoretical framework to base interview situations around was a very successful approach. In other words, the deductive research approach was considered a perfect choice for this study. It made data gathering very systematic in the sense that once the framework was implemented, all findings could be structured in the four areas, plus additional

findings outside of this frame. I fear that another approach would have made the task nearly overwhelming, since every case interview was extremely personal, and it would have been difficult to assess and single out all different parts of theory from every location decision otherwise. In addition, impacting factors now collected under the additional findings would potentially have made the theoretical framework very broad. Some delimitations had to be made already as it was now, with the removal of certain parts of theory from the interview guide.

Another beneficial aspect of the deductive approach was how the many hours studying the theory prior to the interview situation helped enormously in that setting, where you sit in a meeting with someone one-on-one and both listen, take notes, and try to ask the right questions simultaneously. Having to evaluate which information that is deemed relevant for theory creation on top of that would have been one parameter too much for me at least. Now, it was extremely crucial that the notes reflected the essence of the case study interview. Being so familiar with the theoretical framework in advance led to decisions and considerations requiring less than a second of personal reflection before possibly captured. It assisted greatly in improving the overall data quality.

All results came from the companies' own words of the factors influencing their location decisions. I was fortunate enough to speak with very charismatic individuals in prominent positions in every single case investigated. Hence, the findings were both substantial and subjective. The purpose of the study was however not to evaluate or assess the findings with respect to how well they corresponded with reality. Still, it is worth mentioning that all conclusions are the result of an analysis of the subjective location decision reasons these individuals brought up.

7.2.3 Theory

When examining the interview findings, my overall opinion is that the theoretical framework was accurate. There were matches between theory and practice for every single location decision investigated. Furthermore, in all cases, several different fields of theory were found relevant with direct impact on the decision. It was also the general feeling during the interviews, that the participants saw relevance in all areas when discussed, despite some not corresponding with that specific company's location decision.

7.2.4 Further research

Many related areas in need of further exploration were discovered in this study. A subject of interest is to examine the different evaluations companies do with respect to the factors found here. In such a setting, the company characteristics are very important to analyse more in-depth in terms of how they affect the differences in value placed on location decision factors. Some findings could not be applied here when directly answering the research questions and it would be nice to see these put into context in some way. For instance, if it is true that companies do value threshold capabilities higher than what theory does, or if stakeholder

influence perhaps could be more complex in its way of impacting a location decision outside of top-down hierarchical governance structured companies. Additionally, a study related to dynamic capabilities would also be highly relevant due to the contradictory findings between theory and practice in that area. More targeted investigations regarding Porter's Diamond framework and if companies really evaluate the categories within so differently, with respect to a location decision, would also be interesting to see.

Another topic would be the interconnectivity between factors. It would then be based around exactly how the interconnectivity affects a company's decision and seek to explore and map out the different value chains of factors. This could also concentrate on the factors and in what way they depend on each other as well. There is merit to investigate if these chains actually hold the higher value they were found to have in this study, and to see if certain chains are ranked above others.

Since this study was performed absent the presence of a tech-company's location decision, further contributions to the subject would benefit from such an addition. The company would then preferably be based in Sweden or have ties to Sweden in similar ways as the other companies that participated. At the same time, replicating the study with more international companies, or by recreating it in a different geographical location, would also assist in exploring the subject further.

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Appendix

A1. Interview guide

Introduction

Thank you for taking your time to speak with me. This interview will take approximately 30-45 minutes, and feel free to ask any questions of your own meanwhile. Your answers will be a part of my master's thesis at The Faculty of Engineering at Lund University. It is based around the factors behind company location decisions, and I am interested in what reasons that led "company name" to locate in "the location". By originating from the questions you previously received, my hopes are that we can form a discussion that quickly leads us into the main background factors for "company name's" decision. Your answers will later be compared with a collection of theories to try to spot if the theory matches practice. As a final part of the interview, I will briefly go through some of the subjects where I feel clarification is needed. Some topics can then surface that might be irrelevant for your location decision. If that is the case, you can immediately let me know and we will skip that topic.

Questions to start off the interview

Before going into details of the location decision, could you briefly describe your history at the company and what your current role is?

Were other countries considered when deciding on where to locate? Which?

Were other regions within the country considered? Which?

Resource-based factors and Macro-environmental factors

Threshold capabilities

Was there a list of "must have" conditions and facilities when selecting the location?

- If yes, what were these "must have" conditions?
- How were conditions ranked? Were some prioritised above others?

Examples:

- Infrastructure, space of land, access to water or some other natural resource, fitting human capital for your business, universities to collaborate with, cheap electricity etc.

Strategic capabilities

Was there a list of special features or characteristics that were specific to the location and hard to come by elsewhere when selecting the location?

- If yes, what made the location stand out and why were these features so important?
What would you say was the most important one?

Dynamic capabilities

Were research facilities, universities or other types of knowledge developing sources in the area important when making the location decision?

- If yes, why were they important?

Political, Economic, Social, and Legal factors

Were local/national politics or policies affecting the decision?

- If yes, could you describe in what way it was relevant?

Examples:

- The location has few regulations affecting the business.
- The country/region has low taxation levels.
- There are governmental subsidiaries present relevant to your business.

Did economic growth in the country/region affect the decision?

- If yes, could you describe in what way it affected the decision?

(Economic growth is normally measured as an increase in the number of goods manufactured, in labour force, in general income, and in living standards and material quality).

Did the social culture play any role? (Culture specific for the country/region as in Swedish/German/Spanish culture or southern Swedish culture for example)

- If yes, how did it affect the decision?

Did lifestyle trends or attitudes affect in any way?

- If yes, how did it affect the decision?

Examples:

- If a certain product/service is trendy in the region/country, if people's lifestyle and habits fit your company, or if customer attitude or the general public's attitude suits your products/services.

Did any laws in the country affect the location decision?

- If yes, which laws had any impact?

Examples:

- Employment laws, environmental laws or health and safety regulations.

Agglomeration and Competition factors

Was the location chosen due to existing or potential suppliers and other supporting industries being present in the region?

- If yes, who are these suppliers/supporting industries and why is it important for the company to locate close to them?

Was the location selected due to having existing or potential customers in the region/country?

- If yes, who are the customers and why is it necessary to be close to them?

Was the location chosen due to seeing many similar companies within the same industry residing in the area?

- If yes, who are your biggest rivals and why was it important to have them near you?

In the country/region that was selected, was any specific part of the area extra attractive for you? For example, a more rural area, the suburbs, or the city centre.

- If yes, what part was important to locate in and why was it crucial to be there?

Did the way companies and people interact with each other at the location attract you to locate there? For example, a special way of communicating and interacting between actors in the area, or a special way of cooperating.

- If yes, how would you describe the local culture in the area?

Do you think residing in your current location enables your company to take part of information/knowledge and to learn from others in the area? Do you think it would have been possible if you located elsewhere?

- If yes, how often do you interact with others in the area? What do these meetings look like?

Stakeholder factors

Who at the company took part in the location decision?

Did anyone (person or organisation) from outside of the company affect the decision?

Would you say to the best of your knowledge that everyone involved in the decision was happy with the outcome?

- If not, why do you think so and who was dissatisfied?

To the best of your knowledge, would you say that everyone involved in the decision contributed equally or were some more committed?

- If yes, who were invested the most? The least? Why do you think they were so committed?

Concluding question

Out of all the different factors we have gone through, what would you personally say influenced the location decision the most?

A2. Reasons for removing factors in the list

These are my personal considerations, hence only displaying my own background reasoning as to why some factors of contribution were removed.

Macro-environmental reasons driving the location decision

1. Political

- Stable political climate and no corruption.

Very hard to measure and get hold of accurate information about this. All companies are in countries inside the European Union and corruption levels are rather low here together with a stable political climate.

2. Economic

- Interest and inflation rates.

Since a site placement is a decision the company will be stuck with for a long period of time, interest and inflation rates are most likely to be altering. Interest and inflation rates are affecting buying power among the customer base. However, that is more relevant if the decision is made to be close to the primary customers. If that is the case, then agglomeration theory covers it instead. Interest and inflation also affect salaries needed to be paid out. The regions in the study are closely related through membership in the European Union, which gives a quite similar level of economic stability. There could be more merit in investigating this section further if the locations differed more in terms of distance and continents.

- Unemployment numbers.

Probably not as interesting anymore since mobility of human capital has increased today. Both applicable for high and low levels of unemployment.

- Economic status of the population.

Important mostly if the primary customers are within the same region or country as the company's site. Can they afford the service/product? Could also be relevant with regard to what salary standards potential workers from the area are used to. Similar reasoning here as in interest and inflation rates.

3. Social

- Demographics.

Due to the companies and locations chosen in the study, this gets removed. It would be more relevant for instance when trying to match the location of the site with a targeted market segment. Education level could hold some value to investigate, but then it is covered by dynamic capabilities and the way high-quality human capital is created at the location.

- Living standards.

Similar reasoning as in economic status of the population.

4. Technological

- Has technological progress affected the decision?

Compared to many other reasons, this does not impact location decisions as much. It has more merit when examining markets and how technology drives market shifts.

5. Environmental

Areas such as climate, temperature and energy supply are covered in threshold capabilities and strategic capabilities. Same goes for what the actual environment looks like, for example free space and access to water. Environmental laws that sometimes are found in this section will instead be covered by the legal environment to keep it more concise.

- Did pollutants, emissions or waste have an impact?

This could have merit in the study as location choices could have been made with these points in mind. However, it is once again partially covered by different capabilities. Access to ways of handling waste falls under that category, as well as how to take care of pollutants. Regarding emissions, there could be interest in exploring how emissions trading can affect how companies locate, but it would require a more targeted study.

- Effects of climate change, such as extreme weather or natural disasters.

Because of the locations in the study, this is not as relevant as it could have been. In some other areas of the world, this section has more importance. In the future, possibly more focus should be placed here, even when examining locations in Europe.

6. CAGE framework

- Has any focus been addressed to the characteristics of the company itself with respect to the location?

Since many of the companies originate from similar regions with relatively short geographical distance between each other, as well as remaining within Europe when deciding on a location (almost exclusively northern Europe), the CAGE framework loses relevance. It would have been interesting to see differences in the four framework areas if the subjects of the study would have either moved across continents or were currently located in different parts of the world.

Agglomeration and competition reasons driving the location decision:

1. Firm strategy, structure and rivalry.

- Do firm goals and structure conform with the location and affect the choice?

Personally, this does not feel as important in a location decision as it perhaps would be when investigating differences between locations and how they can explain why some companies appear in certain ways.

- Do individuals' goals at the location attract the company, for instance high achieving workforce both to invest in and to learn from.

This is mostly covered by the resource-based view and high-quality human capital as a capability. It could be interesting to examine further if it comes up during interviews, as in why the workforce at the location is attractive for the company.

2. Demand conditions

- Does the company pursue a demanding customer base by locating in the area?

In the context of a location decision, searching for demanding customers might hold less merit than when trying to explain competitive advantages over time from being in a location.

- Is the company trying to encounter lead users and establish closer relations with them?

This could have been a very interesting point to look into more, but due to the characteristics of companies in the study it gets removed.

3. Related and supporting industries

- Can partnerships and collaborations be developed with local actors?

This was rephrased into a more precise factor and therefore removed.

4. Factor conditions

- Are human resources and knowledge resources created properly?

Covered in the Resource-based View.

- Are there nearby research facilities and universities?

Covered in the Resource-based View.

5. Innovation networks/High-tech clusters

- Is the company utilising an open innovation model and strives to participate in a local innovation network?

It holds relevance, but it can partially be covered by regional innovation systems and the way knowledge spreads inside such an area. Requires much intel on the work process of every company and would perhaps be too much in-depth in that regard.

- Is the industry knowledge intensive with high-tech influences?

Same as the above, it holds relevance since a high-tech industry benefits perhaps even more from locating within a fitting cluster area, but then again it can be covered by regional innovation systems and tacit knowledge. Both are concordant with a successful high-tech cluster.

Stakeholder factors behind the location decision:

1. The company has a top-down governance structure and location decisions originate from top management within the company.
2. Decisions are strongly impacted by investors or board members.

3. Stakeholders outside the company influence the decision. (See figure 3.4)

The three points above were rephrased to describe different stakeholders more concisely.

4. Principal-agent theory.

- Is the information different among stakeholders?

Difficult to measure and requires a lot of insight in every company that participates in the study.

5. Complex organisational dynamics.

- Where does the power reside?
- Are all parties equally interested in the location decision and in optimising the results thereof?

6. Actor-network theory.

- Can networks within the organisation have affected the decision?
- If so, who are mediators and intermediaries?
- How are relationships and networks connected to the location decision?

All of these were altered to better fit the subject. I figured self-interest and interest were too similar even though it is interesting to dig into company dynamics like that. Interest had to leave room for self-interest in this case.