

Everything's Bigger in Texas, even the Opportunities

*A deep dive into the strategic advantages of the
Texan business landscape & how Swedish firms can
capture them*



LUNDS
UNIVERSITET

Aulis Dömstedt

Caspar Kriz

Supervisor: Ingela Elofsson

Examinator: Ola Alexanderson

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Industrial Engineering and Management
© 2026 Aulis Dörmstedt & Caspar Kriz
Division of Production Management
Faculty of Engineering LTH
Lund University
Ole Römers Väg 1
Box 118, SE-221 00 Lund
Sweden
www.pm.lth.se

Abstract

Texas is the leading destination for foreign direct investment in the United States. The opening of a Swedish Consulate General in the state in 2026 underscores its growing importance for Swedish corporate expansion. Swedish presence in the state, however, is concentrated in Dallas-Fort Worth and Houston and remains thin in Austin and at the startup and scaleup level. The Texan business landscape has not previously been assembled into an integrated account from a Swedish entry perspective.

The purpose of this thesis is to describe and analyse the strategic advantages of the Texan business landscape and to examine how Swedish firms can navigate and capture them. The study adopts an abductive, qualitative research design and treats the business landscape itself as the unit of analysis. The analysis is structured across three levels: the business environment, the firm and the local business culture. The empirical material combines secondary sources with ten semi-structured interviews conducted during a field visit to Dallas in spring 2026.

Texas offers one of the most business-friendly environments in the world, with advantages in tax, policy, institutional speed, infrastructure and labour markets that compound rather than aggregate. The clusters of the Texas Triangle, anchored by distinct industries and decades of path-dependent development, cannot be replicated through incentives alone. Swedish firms enter this landscape with a structurally well-suited profile, in which technical depth, B2B orientation and country-of-origin credibility align with how Texan partners evaluate firms. They also benefit from a level of Swedish institutional support in the state that is unusual for a country of Sweden's size, comprising a Consulate General, an honorary consulate and three SACC chapters, which together substantially lower the network-formation costs and provide access to decision-makers that other foreign entrants must reach on their own.

Austin emerges as the clearest underutilised opportunity, where the thin Swedish footprint reflects the absence of a predecessor base rather than a lack of fit. A second opportunity, distributed across all three metropolitan areas, lies in the very limited presence of Swedish startups and scaleups despite an environment well suited to early-stage entry. Capturing these openings depends on entry mode. Swedish firms should approach Texas as strategic asset-seeking rather than market-seeking foreign direct investment, treating internalisation as an entry condition rather than a later optimisation. Cultural adaptation runs in parallel, with the largest gaps appearing in masculinity, individualism and long-term orientation. The Swedish country-of-origin advantage creates goodwill at first contact, but goodwill is not cultural fit, and the behavioural adjustments required must be in place before entry rather than learned through it.

Keywords: Texas, Sweden, United States, Foreign direct investment, Market entry, Business landscape, Clusters, Cultural adaptation

Preface

This master's thesis was written during the spring semester of 2026 as the concluding part of our studies in the M.Sc. in Industrial Engineering and Management at Lund University, with a specialisation in Business and Innovation. The work has been a joint effort throughout, from the initial framing of the research question to the completion of the final report.

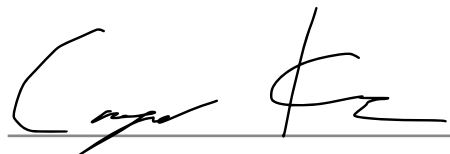
We would like to express our sincere gratitude to our supervisor at Lund University, Ms. Ingela Elofsson, for her guidance, engagement and constructive feedback throughout the process. Her academic rigour, clear direction and continued encouragement have been invaluable to our development as researchers and to the quality of this thesis.

We would also like to extend our warmest thanks to Ms. Helene Honeybone and her family for their extraordinary generosity and hospitality during our time in Dallas. Their welcome made our stay both productive and memorable, and their support went far beyond what we could have expected.

The Swedish Chamber of Commerce in Texas also deserves particular acknowledgment for their engagement and willingness to share their knowledge of the Texan business landscape. Their perspectives and connections were instrumental in shaping our understanding of the market and made a significant contribution to the empirical foundations of this thesis.



Jan Karl Aulis Dömstedt
Lund 26th May, 2026



Caspar Otto Ariel Kriz
Lund 26th May, 2026

Concept List

Agglomeration - The clustering of activity in a specific location, driven by the benefits gained from proximity to each other.

At-will employment - A legal employment arrangement in which either the employer or employee can terminate the relationship at any time without cause, subject to federal anti-discrimination laws. Texas is an at-will state.

B2B (Business-to-Business) - A commercial model in which a company's primary customers are other businesses rather than individual consumers.

B2C (Business-to-Consumer) - A commercial model in which a company sells products or services directly to individual consumers.

Centrifugal forces - In NEG, forces that push economic activity away from concentrated cores, such as congestion, rising costs and infrastructure strain.

Centripetal forces - In NEG, forces that pull economic activity toward concentrated cores, such as market access, labour pooling and knowledge spillovers.

Cluster - A geographically concentrated group of related industries, firms, suppliers and institutions whose co-location reflects underlying economic linkages and interdependencies.

CVC (Corporate Venture Capital) - Investment activity by established corporations in external startups, typically to gain access to innovation, new technologies or strategic partnerships.

ESG (Environmental, Social and Governance) - A framework used by investors and firms to evaluate non-financial performance, including environmental impact, social responsibility and governance practices.

FDI (Foreign Direct Investment) - Investment by a firm or individual in one country into business interests in another country, typically involving the establishment or acquisition of operations.

Home market effect - In NEG, the tendency for industries with increasing returns to concentrate in larger markets, since proximity to demand reduces transport costs and increases profitability.

Institutional theory - A theoretical framework that explains organisational behaviour through the influence of rules, norms and shared beliefs rather than purely economic efficiency considerations

Labour pooling - The concentration of workers with specialised skills in a particular location, which benefits both firms seeking talent and workers seeking employment opportunities.

Location Quotient (LQ) - A measure of the relative concentration of an industry or occupation in a region compared to the national average, where a value above 1 indicates above-average concentration.

Multinational Enterprise (MNE) - A company that operates across multiple countries, maintaining a headquarters in its home market while conducting business activities abroad through subsidiaries, joint ventures or other entry modes.

NEG (New Economic Geography) - Krugman's theoretical framework explaining why economic activity tends to cluster spatially, driven by increasing returns, transport costs and factor mobility.

Path dependency - The tendency for historical decisions and early advantages to lock development into particular trajectories, making it difficult to deviate even when conditions change.

PESTEL - An analytical framework categorising the macro-environmental factors that shape a business environment: Political, Economic, Social, Technological, Environmental and Legal.

Right-to-work - A legal framework under which employees cannot be required to join a union or pay union dues as a condition of employment.

SaaS (Software as a Service) - A software distribution model in which applications are hosted in the cloud and provided to customers on a subscription basis rather than installed locally.

SACC (Swedish American Chamber of Commerce) - A non-profit business organisation that promotes trade and networking between Sweden and the United States, operating through regional chapters that support Swedish firms entering the American market.

Texas Triangle - The mega-region formed by the four major Texas metros of Austin, Dallas-Fort Worth, San Antonio and Houston, connected by a highway network and functioning as an integrated economic zone.

Unicorn - A privately held startup company valued at over one billion US dollars.

Value chain - The full sequence of activities a firm undertakes to deliver a product or service, from raw inputs through production to delivery and after-sales support.

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1 Background and Purpose

This chapter sets out the context for the study. It moves from the general concept of a business landscape, through the global distribution of innovation clusters, to the United States, Texas and Sweden's engagement with the American market, before stating the case selection and purpose of the thesis.

1.1 The Business Landscapes

A business landscape can be understood as the sum of place-based conditions that affect how easy it is to start, run, and scale companies in a region and a country. Such landscapes are rarely shaped by a single factor. They emerge when multiple drivers interact, such as geography and accessibility, institutions and regulation, capital and skills, as well as technological change and market connectivity (Krugman, 1991). Research in economic geography emphasizes that economic activity often concentrates spatially because firms can benefit from economies of scale, specialized suppliers, thicker labor markets, and knowledge spillovers when many actors are located close to each other (Porter, 1998).

A closely related way to describe these concentrations is through clusters, meaning geographically concentrated groups of related industries and activities where co-location reflects underlying linkages across firms, suppliers, and labor markets (Porter, 1998; Delgado et al. 2014). Empirical cluster research shows that when a region has a strong presence of related industries, it tends to experience higher growth in new business formation and start-up employment, because local complementarities and externalities reduce barriers for entry and scaling (Delgado et al., 2014). Reviews of entrepreneurship and innovation clustering further emphasize that clusters are reinforced by cross-firm spillovers and increasing returns, which help explain

why entrepreneurial activity is often spatially concentrated rather than evenly distributed (Chatterji, Glaeser and Kerr, 2013).

Cluster advantages can also be understood through specific agglomeration mechanisms that make dense regions more productive for innovation over time. Urban economics synthesizes these mechanisms as sharing, matching, and learning, referring to shared inputs and facilities, improved labor and firm matching in thick markets, and faster diffusion and accumulation of knowledge in proximity (Duranton and Puga, 2004). In technology-intensive settings, these same forces help explain the durability of leading tech clusters, while also shaping which policy levers can realistically influence cluster development (Kerr and Robert-Nicoud, 2020).

An important complementary point is that successful regions are often characterized by historical inertia. Small initial advantages can be amplified over time and become self-reinforcing, which can make regional specialization and dominance persist even when the original conditions change. This is often described as path dependence, where history matters and early choices or events can lock development into particular trajectories. For that reason, business landscapes are not only the result of planning, but also of contingencies, timing, technological shifts, and political decisions that happen to coincide with a particular place. (Arthur, 1989; Puffert, 2008.)

1.2 Where Innovation Concentrates: Key Global Tech Clusters

Today, North America remains the world's most prominent region for tech clusters, concentrated primarily in the United States with a smaller number in Canada. It is especially strong in access to capital and funding, with major hubs including Boston, Seattle, Chicago, Dallas, and above all Silicon Valley and New York City, which have held the top two positions in the global startup ecosystem ranking since 2020 (Startup Genome, 2025; StartupBlink, 2025a). Asia follows closely and is rising rapidly, with key hubs such as Beijing,

Seoul, Singapore, Shanghai and Tokyo anchored in East Asia. The region is increasingly associated with high levels of knowledge production, with China entering the global top 10 for innovation for the first time in 2025, leading globally in patent filings and hosting 24 of the top 100 innovation clusters worldwide, while India continues its ascent as a major innovation force (WIPO, 2025). Europe ranks third, with important innovation centres such as London, Paris, Amsterdam and Stockholm, though European innovation clusters trail the United States in venture capital strength and the region saw a 24% drop in ecosystem value in 2025 (Startup Genome, 2025; WIPO, 2025). Outside these regions, globally visible clusters are rarer, though notable exceptions such as Tel Aviv, Sydney, Melbourne and São Paulo stand out as influential innovation hubs in otherwise less densely clustered innovation landscapes (StartupBlink, 2025a).

1.3 USA

The rise of the United States as the world's leading economic power is largely rooted in the period following the Second World War. Through the Bretton Woods system, the U.S. dollar became the foundation of the international monetary order, supported by the creation of the IMF and the World Bank and by an exchange-rate system tied to the dollar and gold (Ghizoni, 2013). By 1947, the U.S. accounted for more than one-third of global exports and held around two-thirds of the world's gold reserves, cementing its central role in the global economy (Statistics Canada, 1949; International Monetary Fund, n.d.). While U.S. dominance has declined in relative terms over time, the country has remained the core of the global economic system since 1945 (World Bank, 2025). Within this national framework, economic activity has concentrated into powerful regional hubs. New York City developed first as a major port and later as a global financial center, where scale, networks, and specialized services reinforced its dominance (Kindleberger, 1973; Wójcik & Pažitka, 2019). In parallel, the San Francisco Bay Area emerged as a leading

high-technology cluster through Silicon Valley, driven by close links between universities, skilled labor, venture capital and public investment (Kenney, 1999). Today, Silicon Valley is ranked as the world's top startup ecosystem, illustrating how U.S. economic strength has been shaped by strong regional clusters rather than uniform national development (Institute for Urban Strategies, 2025).

1.3.1 Texas

As the U.S. business landscape evolves beyond its traditional coastal clusters, Texas has emerged as a major destination for corporate relocation and economic growth. While hubs such as California and the Northeast remain influential, rising costs and regulatory pressures have encouraged firms to reassess their geographic strategies. This shift aligns with cluster life-cycle research showing that mature clusters often experience increased rigidities and declining adaptability (Menzel & Fornahl, 2010). Texas has benefited from this realignment, attracting more than 300 corporate headquarters relocations since 2015, including Tesla, Oracle and Hewlett Packard Enterprise (Texas Economic Development & Tourism Office, 2024).

Key drivers include the absence of state income tax, lower operating and housing costs, a growing labour force and a regulatory environment viewed as business-friendly (Texas Economic Development & Tourism Office, n.d-a). The scale and persistence of corporate inflows indicate that Texas is not merely absorbing displaced firms but is helping reshape the geography of U.S. economic activity (Kerr et al., 2024). Texas increasingly exemplifies how American business clusters may evolve toward larger, fast-growing and cost-competitive regions capable of sustaining long-term growth. Within the state, economic activity is most concentrated within the Texas Triangle, the megaregion formed by Austin, Dallas-Fort Worth, San Antonio and Houston (Texas Department of Transportation, 2025).



Figure 1: The Texas Triangle

1.4 Sweden and USA

Sweden's economic engagement with the United States constitutes a central pillar of Swedish international business activity, with the U.S. representing Sweden's largest export market outside the European Union in terms of export value (Statistics Sweden, 2026). Over time, Swedish firms presence in the United States has evolved beyond export-oriented activities toward deeper forms of market integration, including local production, research and development and long-term strategic investments across sectors such as manufacturing, energy and various technological areas (Sweden Creates Jobs in the U.S., n.d-a).

Recent business climate assessments further indicate that Swedish companies operating in the United States continue to view the market as attractive, citing strong demand conditions, access to capital, and advanced innovation ecosystems as key drivers of sustained engagement (Business Sweden, 2025). Importantly, these assessments also highlight that Swedish firms increasingly consider regional conditions within the United States when shaping establishment and expansion strategies, reflecting a growing emphasis on subnational market dynamics within an otherwise stable and strategically important national market (Business Sweden, 2025).

1.5 Purpose

Based on the conclusions above, the purpose of this thesis is to:

Describe and analyze the strategic advantages of the Texan business landscape, and examine how Swedish companies can understand, navigate and leverage these advantages for successful market entry and expansion.

2 Methodology

This chapter accounts for the research design, data sources and analytical procedures used in the study. Section 2.1 states the research purpose and the type of inquiry it calls for. Section 2.2 explains the research design. Section 2.3 states the delimitations of the thesis. Section 2.4 describes the abductive research approach and the stages of qualitative analysis. Section 2.5 sets out the data-gathering procedures, covering both the secondary sources used to build the macro-level picture and the primary interviews conducted during the field visit to Texas. Section 2.6 discusses reliability and validity. Section 2.7 addresses the ethical principles that guided the handling of participants and data, including a separate note in Section 2.7.1 on the use of AI tools during the writing process.

2.1 Research Purpose

Höst et al. (2006) distinguish between four basic types of research purpose: exploratory, descriptive, explanatory and problem-solving. This thesis is best characterised as a combination of the exploratory and descriptive-analytical types. The exploratory element reflects the limited availability of prior studies that systematically describe the Texan business landscape from the perspective of Swedish market entrants. Much of the relevant material exists in fragmented form across government publications, industry reports and practitioner commentary, and has not previously been assembled into an integrated account. The descriptive-analytical element reflects the second goal of the thesis, which is to move beyond description and interpret what the observed conditions mean strategically for firms considering entry.

2.2 Research Methodology

This study does not adopt a single-case study design in the traditional sense. Rather than examining a specific organisation or firm, it treats the Texan business landscape itself as the subject of investigation. This approach is consistent with what Höst et al. (2006) describe as a descriptive research design, in which the goal is to characterise a phenomenon systematically and in sufficient depth to support analytical conclusions and practical recommendations. No predefined hypotheses are tested. The analysis is built up from the empirical material and then interpreted through the theoretical frameworks introduced in Chapter 3.

2.3 Research Delimitations

Given the concentration of Texan economic and innovation activity, the Texas Triangle serves as the primary geographic focus of this thesis. San Antonio, while geographically part of the region, falls outside the scope of the study given its comparatively smaller role as an innovation and corporate hub, an explicit methodological choice rather than an oversight.

In this thesis, Swedish firms refers primarily to companies whose activities intersect with the industries identified in the Texan clusters, with technology often being a defining feature of their offering.

2.4 Research Approach

This study adopts an abductive research approach. Abduction moves back and forth between empirical observations and theoretical frameworks in order to identify the most plausible interpretation of the data. Unlike deduction, which tests predefined hypotheses, or induction, which builds generalisations directly from data, abduction creates a continuous dialogue between evidence and theory (Kovács and Spens, 2005). In practice, this meant that the theoretical

frameworks selected in chapter 3 were not fixed in advance and then mechanically applied, but were refined and validated iteratively as the empirical material was gathered and examined. Frameworks that proved only partially relevant to the Texan context were supplemented or adjusted, and new analytical dimensions were introduced where the data pointed toward phenomena not fully captured by the initial theoretical selection. This approach is particularly appropriate for a study of this kind, where the phenomenon under investigation is complex, multi-dimensional and not fully captured by any single theoretical perspective.

2.4.1 Research Process

The research process proceeded in four phases. The first was background reading and scoping, during which the broad contours of the Texan business landscape were established and the theoretical frameworks most relevant to the research purpose were identified. This phase resulted in the multi-level analytical framework presented in chapter 3, which integrates macro-level, regional-level and firm-level perspectives.

The second phase involved systematic data collection. Secondary data was gathered across the full range of PESTEL dimensions, ecosystem and cluster characteristics, drawing on the source types described in section 2.5. As the empirical picture developed, gaps and tensions in the data were identified, which guided further targeted data collection and refined the analytical questions being asked.

The third phase was a field visit to Dallas, Texas, in spring 2026. The visit provided the primary interview material described in section 2.5.2 and involved engagement with the Consulate of Sweden in Dallas and the Swedish American Chamber of Commerce in Texas. Direct observation during the visit added qualitative texture to several of the empirical findings, particularly those

relating to the character of the corporate environment and the practical scale of the infrastructure.

The fourth phase was the analysis, which proceeded in two stages. The empirical material was first organised and described using the theoretical frameworks, and then interpreted analytically to produce the arguments and conclusions presented in chapters 7 and 10.

2.4.2 Qualitative Analysis

The qualitative material was analysed in four stages. First, the empirical base was assembled from secondary sources, interview transcripts and observational notes. Second, analytically relevant parts were identified and tagged according to the theoretical frameworks and the dimensions of the research purpose. Third, related parts were clustered so that evidence bearing on the same analytical question could be examined together, allowing patterns, convergences and contradictions to surface. Fourth, the themes and patterns identified through this process provided the evidential basis for the analytical arguments and strategic recommendations presented in the thesis. This approach preserves the nuances of language, context and meaning that numeric measures often fail to capture (Höst et al., 2006).

2.5 Data Gathering

The study draws on two types of data. The first is secondary material from published institutional, academic and industry sources, which forms the empirical base for the macro-level analysis of the Texan business landscape in chapters 4, 5 and 6. The second is primary material from ten semi-structured interviews conducted during the field visit, which provides practitioner perspectives on market entry, business culture and the institutional environment facing Swedish firms, and which is drawn on primarily in chapters 8 and 9. The two types of data were collected in parallel rather than

sequentially, and are integrated throughout the empirical chapters rather than kept in separate silos.

2.5.1 Secondary Data

A comprehensive review of secondary sources was undertaken to build the empirical foundation of the thesis. Secondary data was prioritised because the most relevant and authoritative evidence about a macro-level business landscape is publicly available in the form of government statistics, industry reports, regulatory publications and academic research.

Sources were selected according to three criteria. The first was relevance, meaning only sources that directly addressed the research questions were included. The second was authority, with preference given to primary institutional sources such as government agencies, regulatory bodies, universities and industry associations. The third was recency, with sources from 2023 onwards prioritised given the rapidly evolving nature of the Texan business landscape, while earlier sources were used for historical context or theoretical grounding. Some sources, mainly US government sites, were not accessible from outside the United States. They were accessed during the field visit to Dallas in spring 2026, or via a VPN when needed afterwards.

2.5.2 Primary Data: Interviews

Interviews were conducted to build a comprehensive understanding of Texas and its business landscape, with insights for Swedish firms looking to establish. Following Höst et al. (2006), semi-structured interviews were used throughout, allowing interviewees to speak openly from their own experience while remaining guided by the study's core themes.

Interviewees, 10 in total, were selected in consultation with the Honorary Consul of Sweden in Dallas, whose expertise in the Swedish business presence in the state provides a strong basis for identifying the most relevant

perspectives. The selection was designed to cover the full landscape of relevant actors. On the institutional side, the sample spans from the President of SACC TX, through the Consul General. This progression, from a business community organisation to national diplomatic representation, captures how Texas is understood and prioritised at every level of institutional engagement. A Business Manager at the City of Plano, responsible for attracting foreign investment, provides a complementary perspective from the Texan side, offering insight into how local governments actively shape conditions for corporate entry.

Among corporate actors, the sample spans firm size and organisational role. Interviewees include a serial entrepreneur in AI, a VP at a small high-growth technology firm, a Director of a mid sized company, and senior leaders with experience from large multinational corporations. This range ensures findings reflect the full spectrum of business activity in Texas, from early stage entry to established operations, allowing patterns to be identified across different scales and contexts. No restrictions on whom to interview were imposed, but priority was placed on individuals with connections to Sweden.

All interviews followed a common interview guide organised around the theoretical frameworks used in the study. Within each theme, open ended questions allowed interviewees to speak freely from their own experience while ensuring that all conversations addressed the same core areas. The guide was adapted slightly depending on whether the interviewee represented an institutional or corporate perspective, with institutional actors receiving greater emphasis on the regulatory and diplomatic dimensions and corporate actors on strategic and operational questions. Where possible, interviews were recorded; where recording was not possible, documentation was done through notes.

2.6 Credibility of the Study

Reliability and validity are the standard criteria used to assess the quality of a qualitative study (Höst et al., 2006). This section sets out how each was addressed in this thesis.

2.6.1 Reliability

Höst et al. (2006) define reliability in terms of the extent to which a study's data collection and analysis procedures would produce consistent findings if repeated, and the extent to which random variation and researcher bias can be ruled out as drivers of the results. In qualitative work, this depends primarily on transparent documentation of how material was gathered, recorded and interpreted, so that the chain of reasoning from source to conclusion is traceable.

Several strategies were used to ensure reliability in this study. A comprehensive assessment of theoretical frameworks was conducted before data collection began, ensuring that all analytical concepts are explicitly grounded in established literature. Secondary sources were selected systematically according to the criteria described in section 2.4.1, and the selection process is documented transparently through the citation practice throughout the thesis. Primary interviews followed the common guide described in section 2.4.2, producing consistency across respondents while allowing flexibility for follow-up questions and contextual elaboration. Together, these strategies reduce the risk of researcher bias and support the transparency of the analytical process.

2.6.2 Validity

Validity concerns whether the methods used and the material gathered actually address the research purpose, and therefore whether the conclusions drawn from them are credible (Höst et al., 2006). A common strategy for

strengthening validity in qualitative research is triangulation, approaching the same phenomenon from several methodological or evidentiary angles so that the findings do not rest on a single data source or interpretive lens.

The validity of this thesis is supported through several means. The use of multiple independent secondary sources to corroborate key empirical claims reduces reliance on any single potentially partial or biased source. The integration of primary interview data with secondary evidence allows desk-based findings to be checked against the direct experience of practitioners operating in the Texan market. The grounding of analytical arguments in multiple established theoretical frameworks provides a disciplined and transparent basis for interpretation rather than relying on unsupported inference.

At the same time, the reliance on primary interviews in the second part of the analysis introduces certain limitations. The interview sample is small and purposively selected, meaning the perspectives captured may not represent the full range of experiences Swedish firms have in Texas. Respondents may also be subject to recall bias or a tendency to rationalise past decisions in retrospect. Because several interviewees have a professional stake in promoting Swedish business activity in Texas, there is a risk that the picture presented skews toward positive experiences. These limitations do not invalidate the interview findings, but they mean that the conclusions drawn from them should be understood as indicative rather than definitive, illustrating patterns and mechanisms rather than establishing causal relationships.

In terms of generalisability, the findings of this study are specific to Texas and to the period covered by the data, and should not be assumed to apply directly to other U.S. states or markets without further investigation. However, the analytical framework and methodological approach are designed to be applicable to comparable studies of other regional business landscapes, and the

detailed contextual description provided throughout the empirical chapters supports informed judgment about the transferability of specific findings to other settings.

2.7 Research Ethics

The research was conducted in line with the four ethical principles identified by Denscombe (2010), which together cover the main dimensions of responsible social research practice: protecting the interests of participants, ensuring participation is voluntary and based on informed consent, avoiding deception and operating with scientific integrity, and complying with applicable laws and regulations.

In practical terms, protecting the interests of participants meant that the purpose of the study was explained to each interviewee before the conversation began, that participation was offered as voluntary with no pressure to contribute, and that the handling and reporting of interview material respected each participant's preferences on attribution and confidentiality. Where interviewees are named in this thesis, it is with their knowledge and agreement.

Scientific integrity was maintained by documenting the research process transparently in this chapter, citing sources accurately and completely, and acknowledging the limitations of the study openly in Section 2.6 and throughout the empirical chapters. No data was fabricated, no source was selectively omitted in order to misrepresent a finding, and no claim has been attributed to a source that does not support it.

The study also complied with applicable legal requirements throughout, particularly in relation to the protection and handling of personal information provided by interview participants.

2.7.1 Use of Artificial Intelligence

During the initial literature review and data gathering, AI tools were used to get an overview of certain material. They were also used during the writing process to improve clarity and flow of written sections, as well as occasional reformulation of sentences and grammatical correction of sentences. All information, analyses and conclusions are entirely the authors' own work. The tools were not used for critical analysis or idea generation.

3 Theory

To address the purpose of this study: to describe and analyze the strategic advantages of the Texan business landscape, and to examine how Swedish companies can understand, navigate, and leverage these advantages for successful market entry and expansion, multiple theoretical perspectives are required. The purpose involves both explaining why Texas is attractive and how firms engage with its business environment. The selected theories therefore, capture different levels of analysis and are applied in a deliberate order that reflects how understanding is progressively built.

The analysis begins at the macro level using PESTEL to identify the political, economic, social, technological, environmental and legal factors that shape Texas as a business environment. Building on this foundation, the Startup Ecosystem model zooms into the regional level, mapping the network of actors and support structures that surround firms across the core, regional ecosystem and outer space of Austin, DFW and Houston. New Economic Geography then narrows the focus further, explaining why economic activity concentrates spatially within these regional cores through agglomeration dynamics, increasing returns and the interplay of centripetal and centrifugal forces. After establishing this structural context, the analysis shifts to the firm level. The OLI paradigm is applied to examine whether and how Swedish firms can leverage the ownership, location and internalization advantages that the Texan landscape offers. Finally, institutional theory is used to analyze how Swedish firms integrate their operations into the Texan context, examining how the regulative, normative and cognitive pillars of Texan business culture shape the ability to gain legitimacy and sustain a competitive position over time.

3.1 Pestel

To understand the external environment surrounding firms and industries, a structured analytical approach is required. The PESTEL framework addresses this need by categorizing macro-level influences into six dimensions. This allows for the identification of external opportunities and constraints that shape strategic decision-making. (Belsare, 2025)

3.1.1 Political factors

Government involvement plays a key role in shaping market conditions. Policy direction, regulatory stability, and public influence over economic activity affect how predictable and attractive a market becomes. Such conditions are particularly important for firms operating across different geographic or institutional settings. (Belsare, 2025)

3.1.2 Economic factors

The broader economic context frames how firms assess demand and allocate resources. Growth levels, labor market conditions, and cost structures influence operational decisions as well as market potential. Shifts in economic conditions may therefore affect pricing, investment and expansion strategies. (Belsare, 2025)

3.1.3 Social factors

Social characteristics influence how firms interact with both customers and employees. Demographic trends, cultural norms and attitudes toward work and consumption shape customer behavior and labor availability. Although these factors often change slowly, they can have lasting implications for local market adaptation. (Belsare, 2025)

3.1.4 Technological factors

Access to technology and innovation capacity shapes how firms organize activities and compete. Infrastructure quality, pace of innovation, and technological capabilities influence productivity and strategic flexibility. Differences across regions may therefore create both constraints and advantages for firms. (Belsare, 2025)

3.1.5 Environmental factors

Increasing attention to sustainability has raised the strategic relevance of environmental conditions. Climate-related risks, resource availability and environmental standards affect how firms design operations and manage long-term strategy. These considerations have become more prominent as environmental expectations on firms continue to rise. (Belsare, 2025)

3.1.6 Legal factors

Formal rules define the boundaries within which firms operate. Regulations related to labor, competition and business activity determine legal actions and enforcement mechanisms. Variation in legal frameworks across regions can introduce uncertainty that firms must account for in strategic planning. (Belsare, 2025)

3.2 The Startup Ecosystem

The Startup Ecosystem model is built on Kotler's three layers for a product. In the Startup Ecosystem model, these layers have been repurposed to fit a startup environment. In the model, an entrepreneurial ecosystem is described as a geographically bounded network of interdependent, high-growth entrepreneurial firms, often start-ups, and the related organisations around them. They emphasise that ecosystems are not limited to the start-ups

themselves, but consist of social, political, and economic elements that together create an environment that supports innovation-based venturing. (Springer and Kinnunen, 2018)

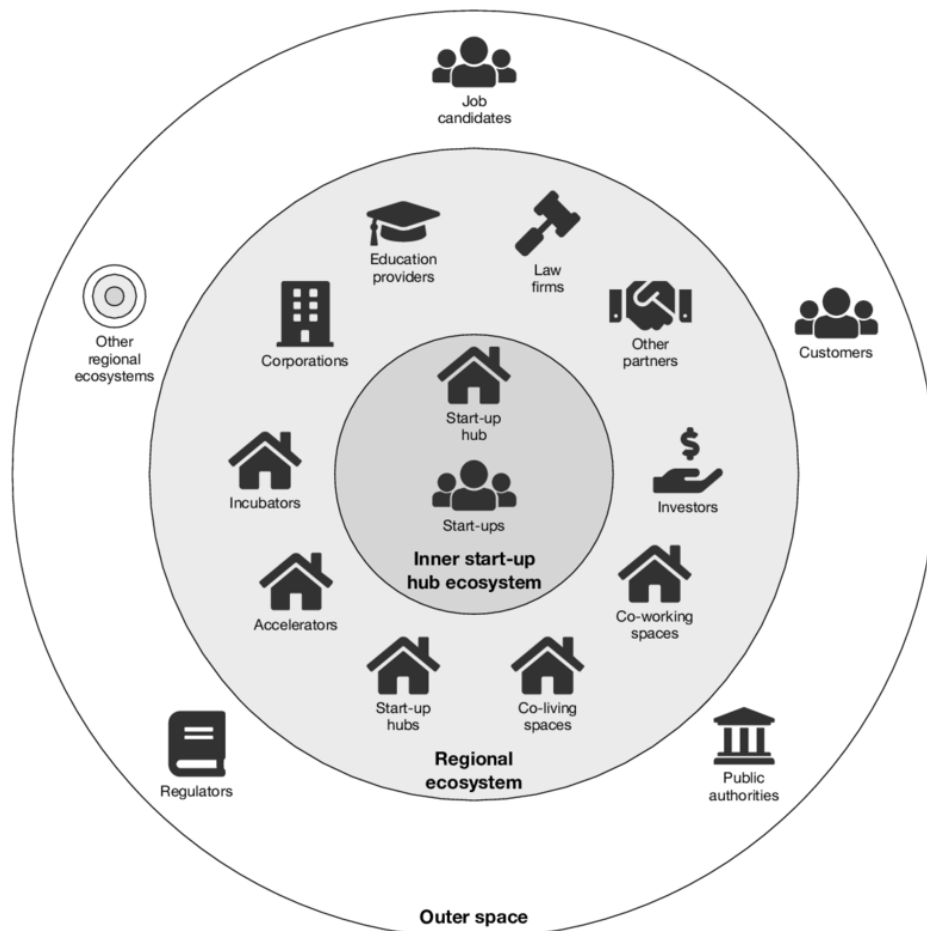


Figure 2: Illustration of the Startup Ecosystem (Springer and Kinnunen, 2018)

A key part of their ecosystem perspective is the role of these support actors. Drawing on earlier mappings, they state that entrepreneurial ecosystems include a broad set of actors, including but not limited to, support and mentoring services, incubators, accelerators, business angel networks, financial providers, regulators, public authorities and education programmes. (Springer and Kinnunen, 2018)

3.2.1 The Core

The core consists of the startup hub itself and the startups located within it. This is where entrepreneurial activity happens directly, including product development, experimentation, and day to day execution. The hub functions as the central meeting point that enables interaction between startups and the surrounding support environment. (Springer and Kinnunen, 2018)

3.2.2 Regional Ecosystem

The regional ecosystem includes the actors that interact directly with the hub and startups and provide hands-on support and resources. Typical examples are incubators and accelerators, investors and business angels, universities and education providers, law firms, established corporations, co-working spaces, and other partners. These actors strengthen the core through funding, talent, mentoring, knowledge, infrastructure, and professional services, making it easier for startups to operate and scale. (Springer and Kinnunen, 2018)

3.2.3 Outer Space

The Outer space includes institutions and stakeholder groups that do not typically engage with the startup on a daily basis, but still shape the environment and influence outcomes. This layer includes regulators and public authorities, customers, job candidates, and other regional ecosystems. Their influence is often indirect, through rules and standards, market demand, labor supply, and broader connections beyond the region. (Springer and Kinnunen, 2018)

3.3 New Economic Geography

Krugman's "New Economic Geography" (NEG) framework was developed to explain why economic activity tends to cluster in space, even when regions initially appear similar. In his 1991 core-periphery model, the key point is that

agglomeration can be an equilibrium outcome when three ingredients interact: increasing returns to scale in manufacturing, positive but declining transport costs, and the ability of some factors of production to move between regions. The model typically distinguishes between an immobile sector (often stylized as agriculture tied to land) and a mobile manufacturing sector where firms produce differentiated varieties and benefit from scale economies. Transport costs are commonly represented in “iceberg” form, meaning some fraction of goods effectively melts away during shipping, which makes proximity to demand economically valuable and raises the attractiveness of locating near large markets. (Krugman, 1991)

3.3.1 Self Reinforcing Causality

A central mechanism in NEG is circular and self-reinforcing causality. If one region has a slightly larger share of manufacturing, it tends to offer a larger local market for manufactured varieties. This makes it profitable for more manufacturing firms to locate there, since they can sell more locally and save on transport costs. More firms also mean greater product variety and, in the model’s logic, a lower local price index for manufactured goods, which increases real wages for manufacturing workers. If manufacturing labor is mobile, higher real wages attract additional workers, expanding demand further and strengthening the “home market” effect that initially pulled firms in. The result is that a small initial advantage can be amplified into a pronounced spatial pattern where one region becomes a manufacturing “core” while the other becomes a “periphery” with relatively less industry. (Krugman, 1991)

3.3.2 Centripetal & Centrifugal Forces

At the same time, the model does not imply that concentration is inevitable. NEG highlights a balance between agglomeration forces and dispersion forces. Agglomeration is driven by market access and the link between firm location,

wages and demand, while dispersion arises because not all economic activity is mobile and because serving distant markets becomes more costly when transport costs are high (Krugman, 1991). This means multiple outcomes can be consistent with equilibrium. When transport costs are very high, firms have stronger incentives to locate in both regions to be close to local consumers, which supports dispersion. As transport costs fall, the incentives can flip, and agglomeration becomes more likely because firms gain more from concentrating production and serving the larger market from one place (Krugman, 1991). Later syntheses of NEG often describe this as a tension between centripetal and centrifugal forces. (Fujita, Krugman, and Venables, 1999).

3.4 OLI Paradigm

The OLI paradigm, also referred to as the eclectic paradigm, was developed by John H. Dunning in the late 1970s as a way to explain why firms engage in foreign direct investment (FDI) and produce outside their home countries. The framework has since become one of the most widely used theoretical lenses in international business research for analysing the behaviour of multinational enterprises (MNEs). (Dunning, 2000)

At its core, the paradigm argues that the scale and pattern of a firm's foreign production is shaped by three sets of advantages: ownership, location and internalization, hence the name OLI. These three components are interdependent, meaning that a change in one will typically affect how the others are weighed. The framework does not offer a single prediction for all firms, rather it recognises that the relevance of each component varies depending on the firm, the industry and the countries involved. (Dunning, 2000)

Although the paradigm was originally developed around manufacturing firms, scholars have since confirmed its applicability to knowledge-intensive and

digital businesses, while noting that intangible assets such as software and data change how certain advantages manifest in practice (Luo, 2021). The framework is therefore applied in that broader sense.

3.4.1 Ownership Advantages

Ownership advantages refer to the competitive strengths a firm possesses over rivals, particularly those based in the host country. These can include proprietary technology, brand recognition, management capabilities, economies of scale or access to favourable financing. The key point is that without some form of ownership advantage, a firm would have no basis on which to compete in a foreign market, where it faces the additional costs and uncertainties of operating outside its home environment. (Dunning, 2000)

Dunning distinguishes between two types of ownership advantages. Asset-based advantages (Oa) stem from the firm's ownership of specific resources or capabilities that are difficult for others to replicate. Transaction-based advantages (Ot) arise from the firm's ability to manage and coordinate cross-border activities more efficiently than the market could. Both types may be relevant to a firm's FDI decision, though their relative importance will vary by context. (Dunning, 2000)

3.4.2 Location Advantages

Location advantages concern the characteristics of the host country or region that make it attractive for a firm to operate there rather than at home. These are immobile, they cannot be moved or transferred, and include factors such as natural resources, market size, labour costs, infrastructure and the regulatory and institutional environment. (Dunning, 2000)

Unlike ownership advantages, which belong to the firm, location advantages belong to the place. A firm can only benefit from them by establishing a physical presence in that location. This is what distinguishes FDI from other

forms of internationalisation such as exporting or licensing, where production stays at home. (Dunning, 2000)

3.4.3 Internalization Advantages

Even when a firm possesses ownership advantages and a location is attractive, it still faces a choice about how to enter a foreign market. It could, for instance, sell or license its technology and knowledge to a local firm rather than setting up its own operations. Internalization advantages explain why firms often prefer to keep control in-house rather than relying on external partners or market transactions. (Dunning, 2000)

The core logic here draws on transaction cost theory. When markets are imperfect, for example because contracts are difficult to enforce, or because the value of proprietary knowledge is hard to price. It then becomes more efficient for the firm to internalise those transactions within its own organisational boundaries. FDI is, in this sense, the firm choosing to exploit its advantages itself rather than selling access to them. (Dunning, 2000)

3.4.4 The Four FDI Motives

Building on the OLI framework, Dunning identifies four main reasons why firms engage in FDI. These motives are not mutually exclusive, and a single investment may reflect more than one of them. (Dunning, 2000)

Market-seeking FDI

This is driven by the desire to serve a specific foreign market or set of markets. Firms pursuing this motive are typically looking to establish a presence closer to their customers, whether to better respond to local demand, overcome trade barriers, or follow key clients who have already expanded abroad. (Dunning, 2000)

Resource-seeking FDI

This is motivated by access to inputs that are either unavailable or significantly more expensive in the home country. This typically includes natural resources such as raw materials, but can also extend to lower-cost labour or other production inputs. (Dunning, 2000)

Efficiency-seeking FDI

It aims to restructure existing foreign and domestic operations in a way that allows the firm to benefit from economies of scale, specialisation, or differences in factor costs across countries. This type of FDI tends to follow once a firm has already established a foreign presence through market- or resource-seeking investments. (Dunning, 2000).

Strategic asset-seeking FDI

This occurs when a firm invests abroad primarily to acquire capabilities, technologies, or knowledge that strengthen its competitive position. Rather than exploiting existing advantages, the firm is looking to build new ones, often through acquisitions of, or partnerships with, foreign firms that possess desirable assets. (Dunning, 2000)

3.5 Institutional theory

Institutional theory highlights how firms are shaped by the environments in which they operate. Instead of assuming that organizations act purely on efficiency considerations, the theory emphasizes the role of rules, norms, and shared understandings. A common way to structure these influences is through three institutional pillars: regulative, normative, and cognitive. (Scott, 2014)

3.5.1 Regulative

Formal rules represent the most visible form of institutional influence. Laws, regulations, and official standards define the boundaries within which firms

are allowed to operate. Compliance is typically motivated by the risk of sanctions, legal penalties, or loss of operating rights (Scott, 2014). Because these rules are explicit, firms are usually highly attentive to them. Market entry decisions, contractual structures, and operational processes are often designed to align with regulatory requirements. When firms operate across regions or countries, variation in formal regulation can therefore require significant organizational adjustment (Scott, 2014).

3.5.2 Normative

Institutional influence is not limited to written rules. Expectations about appropriate behavior also emerge through professional norms, industry standards, and shared values (Scott, 2014). These expectations shape how firms are supposed to act, even when no formal regulation is involved. Such pressures tend to be enforced informally. Approval from stakeholders, reputation within an industry, or acceptance by professional communities all matter. Firms may therefore conform to normative expectations to maintain credibility and legitimacy, rather than to avoid formal punishment (Scott, 2014).

3.5.3 Cognitive

Some institutional influences operate at a deeper level and are often less visible. Shared beliefs and taken-for-granted assumptions shape how actors interpret reality and define what is considered normal or self-evident (Scott, 2014). At this level, practices are followed almost automatically. This pillar becomes especially relevant when firms enter unfamiliar contexts. Even if formal rules are understood and social norms are acknowledged, differences in underlying assumptions can still create misunderstanding or friction. Adaptation, in such cases, requires more than compliance, it requires learning how business is perceived and understood locally (Scott, 2014). In order to compare the U.S. to Sweden Geert Hofstede's six dimensions of culture will be

used: *individualism, power distance, masculinity, uncertainty avoidance, long-term orientation and indulgence* (Hofstede, n.d-a). Individualism looks at whether people prioritize personal independence or group belonging. Power Distance measures how accepting a society is of unequal power and authority. Masculinity reflects whether a culture values competition and achievement or cooperation and quality of life. Uncertainty Avoidance describes a society's tolerance for the unknown. Long-term Orientation captures whether a culture is focused on planning the future or rooted in tradition. Finally, Indulgence shows whether people feel free to enjoy life or are expected to show restraint and duty (Hofstede, n.d-a).

3.6 Framework

To integrate the presented theories and their perspectives, this study applies a multi-level analytical framework that connects structural conditions, regional dynamics, firm-level strategy and institutional/cultural integration. The framework reflects the study's dual purpose: to examine the Texan business landscape and how Swedish firms can successfully navigate and embed themselves within it.

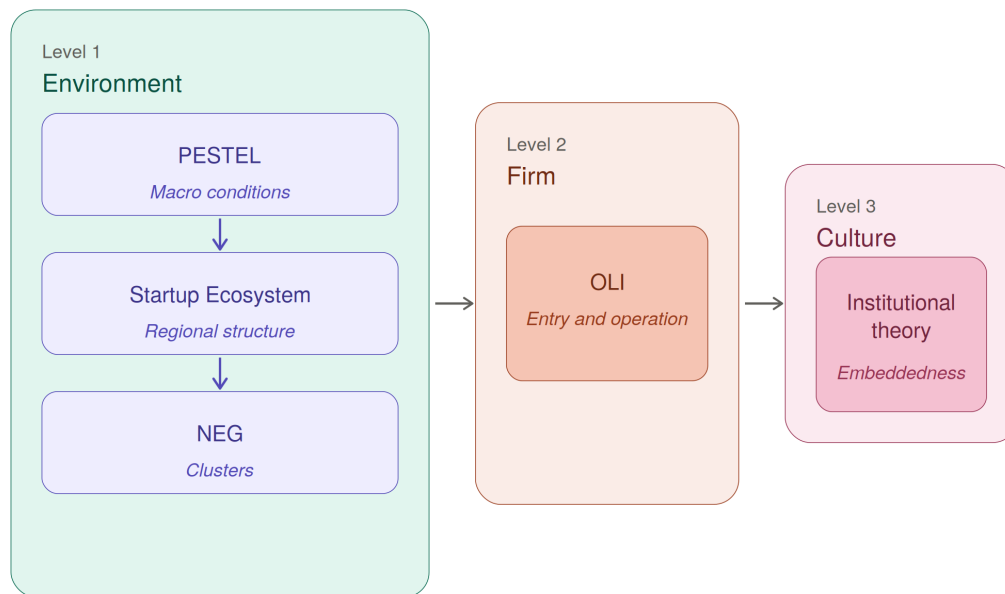


Figure 3: Illustration of the thesis framework

The framework begins with the business environment, examined through a top-down progression across three geographic levels. PESTEL maps the broadest layer, the political, economic, social, technological, environmental and legal conditions that define Texas as a business location. The Startup Ecosystem model then zooms into the regional level, mapping the actors, support structures and relationships surrounding firms in Austin, DFW and Houston. New Economic Geography narrows the focus further, explaining why activity concentrates within particular nodes inside these ecosystems and why such concentrations tend to reinforce themselves over time. Together, the three models move from state-level conditions down to the local clusters.

The framework then shifts to the firm. The OLI paradigm examines whether and how Swedish companies can translate the advantages identified above into a concrete case for market entry, looking at ownership, location and internalization advantages. The firm is treated as an active agent that must weigh its own capabilities against what Texas has to offer, rather than

assuming favorable conditions automatically lead to successful entry. Within the model, the three advantage components are examined empirically, while the four FDI motives are applied as an analytical lens in the analysis chapter, evaluating which entry logic best aligns Swedish firms' capabilities with what Texas most distinctively offers.

Finally, institutional theory addresses what comes during and after entry. Long-term success depends not just on economic fit but on genuine integration into the Texan business culture. By examining the regulative, normative and cognitive dimensions of Texan business culture, it captures how firms move from market presence to embeddedness.

The framework should thus be read as an ordered progression, from structural and regional conditions, through firm-level entry logic, to institutional and cultural integration. By linking these levels, the study captures both the landscape of the Texan market and the mechanisms through which Swedish firms can convert that understanding into sustained strategic advantage.

4 Empirical Findings - Macro Environment

The following section presents the empirical findings regarding the Texan macro environment, categorized using the PESTEL model. This framework is used to identify the external factors, Political, Economic, Social, Technological, Environmental and Legal, that define the state's current business climate.

4.1 Political factors

Political conditions are a central component of Texas business environment and contribute significantly to the state's general business attractiveness. Texas has long pursued a pro-business political agenda characterized by limited government intervention, low taxation and an explicit focus on economic growth (Texas Economic Development & Tourism Office, n.d-a). At the state level, public policy is oriented toward encouraging private investment, business formation and job creation, shaping a political climate that prioritizes competitiveness and expansion (Texas Economic Development & Tourism Office, n.d-b).

One of the most prominent political features of Texas is the absence of state-level corporate and personal income taxes (Tax Foundation, 2024). This fiscal policy reflects the state's broader political orientation toward minimizing the tax burden on economic activity. In comparison with higher-tax U.S. states such as California and New York, Texas offers a more cost-competitive environment, which has contributed to its ability to attract firms, capital and labor (Tax Foundation, 2024).

Texas political orientation as a Republican-led state further influences governance and policy implementation. Research on U.S. state-level political institutions shows that Republican-led states tend to prioritize deregulation and economic competitiveness, while Democrat-led states are more likely to

incorporate broader redistributive and social policy considerations into decision-making processes (Hibbs, 1987; Besley & Case, 2003). This ideological orientation has been associated with lower regulatory intensity and a stronger emphasis on administrative efficiency. In Texas, this growth-oriented political approach is reflected in regulatory practices aimed at reducing administrative burden and improving procedural efficiency. The state has institutionalized regulatory review mechanisms designed to limit unnecessary regulation and streamline permitting and approval processes. The Texas Regulatory Efficiency Office, established 2025, plays a central role in reviewing existing regulations and promoting regulatory clarity with the stated objective of supporting efficiency, waste elimination and transparency (Office of the Texas Governor, n.d). Subnational regulatory comparisons indicate that U.S. states with lower regulatory intensity and formal review frameworks have more predictable administrative processes (World Bank, 2020). In Texas, this is reflected in a political environment perceived as faster and less procedurally complex than in many Democrat-led states (Melander, 2026).

This commitment to autonomy and efficiency is perhaps most visible in the state's power grid which is disconnected from the rest of the country. Texas manages 90% of its own electricity network via ERCOT and deliberately bypasses federal oversight from the Federal Energy Regulatory Commission (FERC, 2025). Because ERCOT is operating in a single state transmission projects can receive expedited permitting and approval without the multi-state cost allocation processes that slow grid development elsewhere in the country (Grid Strategies LLC, 2025; Senvalds, 2026). This advantage is already being deployed at scale with planned transmission investment set to nearly double from \$3.97 billion in 2025 to \$7.5 billion in 2026 (Texas Energy and Power, 2026), and ERCOT's board has approved a \$9.4 billion first phase of a strategic transmission expansion plan that will add over 1,100 miles of high voltage lines to the network (Egan, 2025). While this isolation places the

burden of grid challenges solely on the state, it ensures total local control over power regulations.

Texas's political attractiveness is further reinforced by institutional continuity. Unlike states with frequent shifts in regulatory philosophy, Texas has maintained consistent core economic policies over time. This long-standing, growth-oriented framework reduces uncertainty in the operating environment, providing the stable "rules of the game" that enhance predictability for long-term economic activity. (Cox & Alm, 2016)

At the same time, Texas operates within the broader U.S. federal political system. While the state exercises significant autonomy over taxation, regulation and economic development, certain policy areas including trade, immigration and national security are determined at the federal level (U.S. Senate, n.d.). Federal political developments can therefore indirectly shape the business environment in Texas, even as the state maintains a high degree of control over its internal economic policies.

4.1.1. Summary

Texas political environment is characterized by growth-oriented governance, low taxation, regulatory efficiency and institutional stability. These political conditions contribute to the state's strong general attractiveness as a location for business activity and investment.

4.2 Economic factors

Economic conditions are a central driver of Texas general attractiveness as a business location. Texas has developed into one of the largest and fastest-growing state economies in the United States, supported by sustained population growth, high levels of investment and a broad industrial base. Over

the past decade, Texas has consistently recorded GDP growth above the U.S. average, reflecting both cyclical momentum and long-term structural economic advantages (U.S. Bureau of Economic Analysis, 2024). In absolute terms, Texas accounts for approximately 9.5% of total U.S. GDP in 2024 and is the 9th largest economy in the world valued at 2.7 trillion usd, underscoring the scale of its economic significance (International Monetary Fund, 2026; U.S. Bureau of Economic Analysis, 2024).

A defining economic feature of Texas is the scale and diversification of its economy. The state hosts over 50 Fortune 500 corporate headquarters (Fortune, 2025). They rank 2nd nationally in this regard, narrowly behind California, highlighting its role as a major center for large-scale corporate activity across multiple sectors. The state hosts significant activity across energy, manufacturing, technology, logistics and business services, reducing dependence on any single sector. This diversification has contributed to economic resilience and reduced vulnerability to sector-specific downturns, particularly in comparison with more specialized regional economies (Fortune, 2025).

Cost competitiveness further strengthens Texas economic profile. The overall cost of doing business in Texas is lower than most states, ranking 5th in 2025 (Cohn, 2025). Access to relatively low-cost energy has historically supported energy-intensive industries, while commercial property costs remain moderate despite strong demand (CBRE, 2024; EIA, 2025a).

Public financial incentives represent another important economic characteristic of the Texan business environment. Texas employs a selective, performance-based incentive model aimed at attracting large-scale investment and job creation. The Texas Enterprise Fund (TEF) provides deal-closing grants to companies considering major expansion or relocation projects, while the Texas Enterprise Zone Program offers sales and use tax refunds to firms investing in designated areas (Texas Economic Development & Tourism

Office, n.d-b). These programs, along with many more, are designed to enhance Texas competitiveness in interstate and international investment decisions by directly influencing capital allocation and location choice. Texas is frequently highlighted as a leading destination for foreign direct investment which is backed by more than 2170 foreign corporations operating in the state making it the top destination in the country in terms of FDI capital expenditure over the last 20 years (Texas Economic Development & Tourism Office, 2025). This reflects its sustained ability to attract international capital. At the regional level, local governments and economic development organizations may complement state-level incentives through property tax abatements, infrastructure investments and targeted financial support. This decentralized incentive structure allows Texas to tailor economic offerings to specific projects and regions, further strengthening its attractiveness for investment (Texas Economic Development and Tourism Office, n.d-a).

Texas economic environment is also shaped by its strong integration into national and global trade networks. The state benefits from extensive logistics infrastructure, including major ports, highways, rail systems and international airports. In 2024 Texas was ranked first among U.S. states in terms of export value for the 24th year in a row (Texas Economic Development & Tourism Office, 2026), in aggregate terms, Texas accounts for roughly 22% of total U.S. exports (International Trade Administration, 2026), reflecting its role as a hub for trade across North America and global markets.

At the same time, broader global macroeconomic conditions influence economic activity in Texas. Exposure to global energy markets makes parts of the economy sensitive to commodity price fluctuations, as Texas uses the most energy out of all states (EIA, 2025b).

4.2.1 Summary

The state combines strong economic scale with diversified industrial activity, contributing to growth rates above the U.S. average. Cost advantages, targeted incentive programs and extensive trade infrastructure further enhance its investment appeal. However, sensitivity to energy markets and broader macroeconomic conditions creates certain structural vulnerabilities.

4.3 Social factors

Social conditions shape the broader context in which economic activity takes place and influence how business environments function over time. In Texas, demographic dynamics and prevailing social norms contribute to the state's general attractiveness and long-term stability.

A defining social characteristic of Texas is its strong population growth. According to estimates for 2025, Texas added approximately 391,000 residents, making it the fastest-growing U.S. state in absolute terms. These trends have contributed to sustained urban expansion and a dynamic demographic profile. (U.S. Census Bureau, 2026a)

Texas is also characterized by high levels of demographic diversity. Approximately 40% of the population identifies as Hispanic or Latino, placing Texas among the most diverse states in the United States (U.S. Census Bureau, n.d.). Alongside continued domestic migration, Texas ranks among the leading states in terms of international in-migration in absolute numbers, particularly into major metropolitan regions. (U.S. Census Bureau, 2026a)

Indicators of social stability further shape the Texan context. Institutional estimates suggest that approximately 80% of individuals born in Texas remain in the state, reflecting high levels of place attachment and long-term population retention (Pranger et al., 2023). This retention is the highest of all states and contributes to social continuity and reinforces regional identity.

Social norms related to work and organization also influence the broader environment. Texas is commonly associated with strong individualistic values, an emphasis on personal responsibility and a pragmatic, results-oriented approach to work. These characteristics align with broader cultural patterns observed in the United States but are often viewed as particularly pronounced in regions with strong private-sector orientation (Hofstede, 2001).

4.3.1 Summary

The social landscape in Texas is defined by strong population growth and high levels of both domestic and international migration. This creates a diverse and expanding labor force, particularly in major metropolitan areas. In addition, cultural values that emphasize independence, responsibility and a results-oriented mindset shape how businesses and individuals operate within the state.

4.4 Technological factors

Technological conditions contribute to Texas long-term competitiveness and general attractiveness as a business location. The state benefits from strong infrastructure foundations, established technology clusters, and significant innovation capacity, supporting the development and commercialization of new technologies.

A key technological advantage of Texas is the scale and reliability of its physical and digital infrastructure (Su, 2025). Extensive transportation networks, high-capacity energy systems and growing digital infrastructure enable efficient movement of goods, data and services. Texas has also seen rapid expansion in data center capacity, DFW ranks second in North America for total inventory, net absorption and capacity under construction (CBRE, 2026a; CBRE 2026b). This reflects its role as a host region for

technology-driven activities, while simultaneously increasing pressure on system reliability (Kalkunte et al., 2024).

Texas is further characterized by the presence of several well-developed technology and innovation clusters. Austin has leveraged its startup ecosystem to lead in technology and semiconductors, (Federal Reserve Bank of Dallas, n.d.-a) while DFW leads in telecommunications, defense and has seen a surge in finance (Federal Reserve Bank of Dallas; n.d.-b, n.d-c). Simultaneously, Houston is a global hub for energy, healthcare and aerospace (Federal Reserve Bank of Dallas, n.d.-d). This geographic concentration of firms and supporting institutions, backed by significant venture capital investment, facilitates knowledge spillovers and the scaling of R&D activity reinforces this technological environment. Texas is among the U.S. states with the largest volumes of business R&D performed, ranking 4th in total U.S. business R&D expenditure in 2023 (NCSES, 2025).

At the same time, technological development remains uneven across the state. Innovation activity is concentrated in major metropolitan areas, while rapid growth in data- and energy-intensive industries places increasing pressure on energy systems and infrastructure capacity. These challenges highlight constraints related to scalability and diffusion of advanced technologies (Walton, 2026).

4.4.1 Summary

Strong infrastructure, established technology clusters and substantial R&D activity supports the state's technological competitiveness. Metropolitan regions such as Austin, DFW and Houston have developed distinct specializations, fostering knowledge spillovers and supporting commercialization of new solutions. At the same time, innovation remains concentrated in urban areas, while rapid expansion in data- and energy-intensive industries places growing strain on infrastructure systems.

4.5 Environmental factors

Environmental conditions shape the sustainability context in which economic activity takes place and influence long-term risk, resource availability, and regulatory exposure. In Texas, environmental factors are closely linked to geography, climate and the state's energy profile.

A defining environmental characteristic of Texas is its exposure to climate-related risks. The state is increasingly affected by extreme weather events, including heatwaves, droughts, hurricanes and floodings. In the last three years 45 climate disasters costing the state more than a billion-dollars each were recorded, Hurricane Beryl alone caused an estimated \$7.2 Billion in damages (NOAA, 2025). These conditions pose risks to infrastructure reliability, water availability and environmental resilience, particularly in coastal and fast-growing urban regions (Nielsen-Gammon, 2024).

At the same time, Texas' geographic position within the United States offers certain environmental advantages. Located between the East and West coasts and bordering Mexico, Texas functions as a central logistical hub, allowing firms to diversify transport routes and reduce dependence on single coastal corridors. This central positioning can mitigate environmental and climate-related disruptions affecting coastal regions, particularly in national supply chains. (Texas Economic Development and Tourism Office, 2026)

Energy and emissions profiles are also central environmental factors. Texas is the largest energy-producing state in the United States and has high absolute greenhouse gas emissions due to the scale of its industrial activity. Simultaneously, Texas leads the nation in renewable energy generation, particularly in wind and solar power, reflecting a dual environmental profile combining carbon intensity with large-scale renewable deployment (EIA, 2025a). Recent data confirms this shift. In 2025, Texas officially overtook California as the national leader in utility-scale solar generation, having

increased their production by 450% since 2020. Together, wind and solar now provide approximately 36% of the state's total electricity demand, though the profile remains complex as natural gas still accounts for roughly 43% of the mix (EIA, 2026).

Water availability represents an additional environmental constraint. Periodic drought conditions and rapid population growth place increasing pressure on water resources, particularly in central and western parts of the state. The water supply is expected to drop by 18% by 2070 whilst the population is expected to grow by 73%. Without intervention Texas faces a potential water shortage of almost 7 million acre-feet in certain scenarios (Texas Water Development Board, 2021). As a result, water management and long-term planning have become increasingly important environmental considerations (Texas Water Development Board, n.d.).

4.5.1 Summary

Environmental conditions in the state are shaped by both climate-related risks and its energy-intensive economic structure. Increasing exposure to extreme weather events creates challenges for infrastructure, water supply and long-term resilience, particularly in rapidly growing regions. At the same time, a strong position in renewable energy generation and a central geographic location provide strategic advantages, even as high emissions and resource constraints remain important sustainability concerns.

4.6 Legal factors

Legal conditions define the formal rules under which business activity operates and influence predictability, compliance requirements, and legal risk. In Texas, the legal environment is shaped by the interaction between federal U.S. law and state-specific legal frameworks, resulting in a clear but decentralized regulatory context.

A central legal characteristic of Texas is its business-oriented labor law framework. Texas is an at-will employment state, allowing employment relationships to be terminated without cause, provided federal labor and anti-discrimination laws are respected. In addition, Texas has not adopted labor regulations that go beyond federal requirements in areas such as minimum wage or collective bargaining, contributing to a comparatively flexible legal labor environment (U.S. Department of Labor, 2024). Texas also operates under a right-to-work legal regime, meaning that union membership cannot be required as a condition of employment (Texas Labor Code, 2025). This legal structure shapes labor relations and contributes to lower union density, sub 5%, compared to many other U.S. states (Bureau of Labor Statistics, 2026).

From a regulatory standpoint, companies in Texas are required to follow federal rules for the environment, health, and safety, but state agencies usually handle the actual day-to-day oversight. While federal laws are set by the Environmental Protection Agency (EPA), the Texas Commission on Environmental Quality (TCEQ) holds most of the power when it comes to giving out permits and enforcing rules. This state control became even stronger in early 2026, when the EPA officially stepped back to give Texas agencies more lead in how they handle enforcement (Environmental Protection Agency, 2026). Texas also offers a stable legal environment with strong protections for property and contracts. Business law here is predictable, especially due to the specialized Business Court system. These courts use expert judges to quickly settle large, complex legal battles involving more than \$5 million (Texas Judicial Branch, 2026).

At the same time, the U.S. legal system requires firms to comply with federal, state, and sometimes local regulations simultaneously. This multi-level legal structure increases compliance complexity but also provides transparency and rule-based governance across key legal domains.

4.6.1 Summary

The legal framework combines federal regulation with state-level implementation, creating a decentralized but generally predictable business environment. Flexible labor laws, including at-will employment and right-to-work provisions, contribute to comparatively adaptable labor relations. At the same time, firms must navigate the overlapping federal, state and local regulations, which increases compliance complexity despite strong rule-of-law protections.

4.7 Summary PESTEL

The macro-environmental findings can be summarized in the following model, highlighting the key findings for each area. Each factor reflects the central themes identified across the six dimensions examined in this section.



Figure 4: The PESTEL analysis summary

5 Empirical Findings - Ecosystems

Analyzing Texas through the Startup Ecosystem model provides a strong starting point for identifying and structuring the region's key actors and support mechanisms. The model, which was originally created for startups, will be applied to a broader spectrum of corporations to get a more comprehensive picture. Accordingly, this section is focused on three major innovation hubs in Texas: Austin, DFW and Houston. The section is divided into separate chapters, the Ecosystem Core, the Regional Ecosystem and the Outer Space. The first two appear as separate chapters for all of the cities while the outer space is a combined chapter.

5.1 Austin

Austin is located in central Texas along the Colorado River and is the 25th largest metropolitan area in the United States, with a population of approximately 2.55 million as of July 2024 (U.S. Census Bureau, 2026b). The metro anchors the western point of the Texas Triangle.

5.1.1 Austin Core

Austin's tech cluster, also known as Silicon Hills, is known for semiconductors, AI, electric vehicles and SaaS. It has emerged as Texas's leading startup hub, with the most startups in the state and a fast-growing tech scene. The Austin-Round Rock area's startup ecosystem grew ~24% in 2025 alone, ranking 16th globally with around 2385 active startups, a total of 17 unicorns and roughly \$2.4 billion in total funding (StartupBlink, 2025a; StartupBlink, 2025b). The city is also home to 9,565 high-tech companies (Austin Chamber, 2024).

Major companies such as Oracle and Tesla have recently relocated their headquarters to Austin, further showcasing its growth (Texas Economic Development & Tourism office, 2024).

5.1.2 Regional Ecosystem

Education

Austin is home to more than 20 public and private universities and colleges, with a combined enrollment of nearly 180,000 students in the metropolitan area, providing companies with a highly skilled workforce (Visit Austin, n.d. ; Opportunity Austin, n.d-a). Austin's innovation ecosystem is strongly supported by key institutions like the University of Texas at Austin (UT Austin) and its 55,000 enrolled students (University of Texas at Austin, 2025), which drives corporate R&D through resources such as the Texas Advanced Computing Center (TACC), offering high-performance computing for industries like AI and engineering (Texas Advanced Computing Center, n.d-a; n.d-b). The University is highly ranked nationally in fields such as entrepreneurship (6th), finance (5th) and computer engineering (8th). (Cockrell School of Engineering, n.d.; McCombs School of Business, n.d.)

Corporations

Capital Factory is a startup hub headquartered in downtown Austin and operates as the largest gathering point for entrepreneurs in Texas, with thousands of members across its network (Capital Factory, n.d.-a). It hosts the Center for Defense Innovation, which brings together the Army Applications Laboratory (a subordinate command of Army Futures Command), the Defense Innovation Unit and AFWERX in a shared space designed to connect military innovation offices directly with startups (Capital Factory, n.d.-b). Many larger corporations in Austin have CVC (Corporate Venture Capital) or other types of partnerships with smaller companies. Dell Technologies provides startups with access to its AI infrastructure and often acts as the first larger customer for

these startups (Smith, 2026). Oracle hosts the Oracle Customer Edge Summit, where they bring in startups and larger corporations to facilitate their integration into its ecosystem to strengthen its partnerships (Oracle, 2026). Austin Technology Incubator also runs a special partnership with larger corporations, where they get a first look at cutting-edge tech (Austin Technology Incubator, n.d.).

Investors

In terms of funding, Austin has a robust investor community. The city is home to active angel networks. Notably, the Central Texas Angel Network (CTAN), one of the most active angel groups in the U.S., connects local high-net-worth individuals with early-stage startups (Founder Institute, 2020a). Venture capital in Austin combines homegrown firms and attracted outside capital. Longstanding local VCs such as LiveOak Venture Partners, Silverton Partners, and ATX Seed Ventures fund many Austin tech companies (Founder Institute, 2020a). Branches of major coastal funds now join them, for example, Andreessen Horowitz and 8VC have opened Austin offices or HQs in the past five years, drawn by the deal flow and Texas-friendly climate (Founder Institute, 2020a). According to recent indices, Austin is now 6th in the U.S. for startup ecosystem quality, reflecting this maturation of capital and support (StartupBlink, 2025a).

Startups

Austin's ecosystem benefits from a well-developed network of startup support organizations. According to the Austin Chamber, the city has a total of 100 incubators, accelerators and co-working spaces (Austin Chamber, 2024). Accelerators and incubators play a key role, from the aforementioned Capital Factory, a combined accelerator, coworking space, and investor network, to programs like Techstars Austin and MassChallenge Texas (Founder Institute, 2020a). Niche accelerators have also emerged, for example, SKU, focused on consumer products/CPG and Sputnik ATX, a seed-stage tech investor

(Founder Institute, 2020a). Austin's many incubators include the Austin Technology Incubator (ATI) at UT Austin, which has specialized tracks for health, energy, and robotics startups in collaboration with the university. The presence of UT Austin is an academic asset as it hosts programs like the Texas Innovation Center and Dell Medical School's health venture labs. These provide lab space, business guidance, and even seed funding to university-affiliated startups, plugging academic discoveries into the startup pipeline (Founder Institute, 2020a; Cukier, & Kon., 2018). Austin is home to co-working spaces such as Capital Factory, WeWork, Galvanize, and local hubs like Orange Coworking, which provide flexible workspaces and a community for entrepreneurs (Founder Institute, 2020a).

Law Firms

Austin is home to most major law firms, with the absent ones existing in other parts of Texas, providing a broad scope of firms for corporations to use. (Austin Bar Association, n.d.)

Other Partners

The City of Austin provides performance-based grants and financial incentives to companies relocating to or expanding within the city through its Business Expansion Programme. Companies creating new jobs and investing in Austin may qualify for direct grant payments, with large businesses required to increase their full-time headcount by at least 10% and invest a minimum of \$2 million in property improvements to be eligible (City of Austin, n.d.).

Opportunity Austin, a public-private partnership, helps global companies expand into Austin through its Soft-Landing Program, offering regulatory support and market integration (Opportunity Austin, n.d-b).

5.2 Dallas-Fort Worth

Dallas-Fort Worth is located in north Texas, anchors the northern point of the Texas Triangle and is the fourth largest metropolitan area in the United States, with a population of approximately 8.3 million as of 2024 (U.S. Census Bureau, 2026b).

5.2.1 Dallas-Fort Worth Core

Dallas, also known as part of the Silicon Prairie, has developed a strong and increasingly diversified base rooted in its historical strengths in telecom, defence and fintech. The DFW tech cluster grew by 5.2% and was ranked 27th globally in 2025, with approximately 2158 active startups, a total of nine unicorns and over \$3.76 billion in total funding, reflecting steady growth and expanding investment activity (StartupBlink, 2025a; StartupBlink, 2025c). Companies such as AT&T, Ericsson and Lockheed Martin have their HQs or regional HQs in Dallas (AT&T, n.d-a; Ericsson, n.d-a; Lockheed Martin, n.d.). Major companies such as financial services company Charles Schwab have recently moved their headquarters to Dallas, underscoring the city's growing appeal to U.S. firms, particularly within the financial sector.

5.2.2 Regional Ecosystem

Education

The DFW benefits from over 70 academic institutions with almost 400,000 enrolled students (Dallas Regional Chamber, 2025a; n.d-a). These academic institutions provide corporations with workforce development and strategic partnerships, solidifying Dallas as a key hub for industry advancement. However, a significant portion of this enrollment is concentrated in community and workforce-oriented institutions rather than research universities. Dallas College alone, the second largest community college in the United States,

accounts for over 100,000 enrolled students across seven campuses and explicitly focuses on workforce training certifications, employer-sponsored programmes and vocational education rather than research output (City of Dallas Office of Economic Development, n.d.). This means that while DFW leads in total student numbers, the level of research-intensive education is lower than the headline figure suggests, with the highest ranking relevant field being business at The University of Texas at Dallas (UT Dallas) at place 31 (Jindal School of Management, n.d.).

Corporations

A large actor in firm collaboration is the Dallas Regional Chamber (DRC), a chamber of commerce. Every year during the Dallas Startup Week, the DRC hosts a dedicated summit to facilitate co-operation between enterprises and founders (Dallas Regional Chamber, n.d.b). UT Dallas plays a key role with its Texas Semiconductor Institute and research centers in AI, engineering, and data science, providing industry partners with access to cutting-edge research and innovation (The University of Texas at Dallas, n.d.). Southern Methodist University (SMU), fosters corporate engagement in data science and computing, while the Texas Research Alliance facilitates partnerships between universities and businesses to commercialize technology and support regional innovation (Dallas Regional Chamber, 2025b; Southern Methodist University, n.d.).

Investors

Funding and mentorship in DFW is supported by an array of investor groups. The region has multiple angel networks, such as the North Texas Angel Network, Dallas Angel Network, and Cowtown Angels (Fort Worth), which collectively connect startups with seed-stage capital (Founder Institute, 2020b). On the venture capital front, Dallas has seen growth in both local firms and interest from outside funds. Perot Jain, backed by billionaire Ross Perot Jr. and Dallas Venture Partners, are examples of locally based VCs

targeting early-stage tech (Startup Project, 2026). There are also specialized funds like Bios Partners, focused on biotech/medtech in the area (Founder Institute, 2020b). Corporations in Dallas lend support through venture arms and innovation programs. AT&T's Foundry, with a facility in Plano, partners with startups on telecom and 5G projects and defense/aerospace firms like Lockheed Martin and Boeing have mentorship initiatives for local tech companies (Founder Institute, 2020b). Meanwhile, professional service providers, from the big accounting firms with Dallas offices to IP law firms have practice groups dedicated to helping startups navigate legal, financial, and HR challenges (Founder Institute, 2020b).

Startups

The DFW metropolitan area has over 150 ecosystem resources with about 50 incubators, accelerators and startup hubs and 95 coworking spaces (Dallas Innovates, n.d.). Flagship programs include Tech Wildcatters, one of the first seed accelerators in Dallas, focusing on B2B tech and Capital Factory, the aforementioned accelerator and startup hub (Founder Institute, 2020b). These programs provide capital, mentor networks, and structured curricula for selected startups. Likewise, RevTech Ventures Accelerator supports commerce and e-commerce startups, while Impact Ventures in Dallas offers an accelerator aimed at underrepresented founders (Founder Institute, 2020b). On the incubator side, the nonprofit Dallas Entrepreneur Center (DEC) has been a central node; it operates co-working/incubator campuses and runs events like Dallas Startup Week, creating a community space for entrepreneurs. Local universities are also heavily involved. The Southern Methodist University (SMU) runs an incubator and entrepreneurship programs, the Caruth Institute, and the University of Texas at Dallas hosts the Venture Development Center for commercializing student and faculty startups (Founder Institute, 2020b). These academic incubators give startups access to lab facilities, interns, and advisors from the faculty. In Fort Worth, the organization TechFW incubates tech companies and even partners with the massive Texas Medical Center in

Houston to run a health accelerator, showing cross-city collaboration. The area is also home to coworking spaces such as WeWork and Capital Factory. (Founder Institute, 2020b).

Law Firms

Dallas is similar to Austin, home to most major law firms. (Dallas Bar Association, n.d.)

Other Partners

The municipality of Dallas provides grants and other types of financial aid to companies of all sizes via the Dallas Economic Development. This incentivises firms to stay in the region or relocate to it. One such incentive is the Business Development grant given to companies investing more than 2M USD (City of Dallas, n.d.).

5.3 Houston

Houston is located on the Gulf Coast of southeast Texas and is the fifth-largest metropolitan area in the United States, with a population of 7.8 million as of July 2024 (U.S. Census Bureau, 2026b). The metro anchors the southeastern point of the Texas Triangle.

5.3.1 Houston Core

Houston's core is anchored in the city's traditional strengths, energy, aerospace and healthcare. During 2024-2025, Houston's ecosystem gained momentum with a growth rate of 13% and a funding of 970M USD, ranking 52nd globally (StartupBlink, 2025d). The startup ecosystem contains 1318 startups and currently has a total of three unicorns (StartupBlink, 2025d). Houston has also attracted major corporate relocations, for instance, Hewlett Packard (HP) moved its HQ to the Houston area (Office of the Texas Governor, 2020) as well as being the base for large corporations like ExxonMobil (ExxonMobil,

n.d.). Houston's space startups collaborate with NASA and each other and its health startups cluster around TMC's hospitals and incubators (Texas Medical Center, n.d-a). Overall, the city's cluster is evolving from a historically oil-and-medical town into a diversified innovation hub, where big ideas in biotech, aerospace, and cleantech are finding traction (Greater Houston Partnership, 2025a).

5.3.2 Regional Ecosystem

Education

The Greater Houston area is home to 100 academic institutions with a total of about 315,000 students enrolled (Visit Houston, n.d.). This makes the academic side of the city smaller compared to DFW, although still large and significant. Rice University, which is the city's engineering powerhouse, is highly ranked in petrochemical engineering (2nd), biomedical engineering (9th), and environmental engineering (16th) (Rice University, 2025). The University of Houston is currently the number one-ranked university for entrepreneurship and the University of Texas research center holds the top spot in cancer research, further underscoring the region's strong medical focus (Princeton Review, n.d.; MD Anderson Cancer Center, 2025).

Corporations

Houston's ecosystem is supported by several key institutions that benefit large firms through research collaborations, talent pipelines, and advanced innovation capabilities. The TMC, the world's largest medical complex, fosters corporate research partnerships in life sciences and healthcare innovation (Texas Medical Center, n.d-b). Rice University collaborates with TMC and other entities, offering research through initiatives like the Rice-TMC Collaborator Fund and the BioScience Research Collaborative (BRC), driving advances in areas such as cancer therapeutics, AI in healthcare, and immunotherapy (Rice University, 2024). The University of Houston also

supports corporate R&D through its Center for Advanced Materials, focusing on energy and materials science relevant to industries like energy and tech (University of Houston, 2026). Additionally, UTHealth Houston provides resources for digital healthcare and medical device research, further contributing to Houston's growing innovation ecosystem (UTHealth Houston, 2026).

Investors

On the funding side, Houston's investor community is smaller than the other two cities, but growing and increasingly coordinated. The Houston Angel Network (HAN) is a non-profit with over 100M USD invested (Houston Angel Network, n.d.; Founder Institute, 2024). Houston is home to angel consortia like Goose Capital, a group of successful entrepreneurs and executives who pool investments in promising ventures (Goose Capital, n.d.). Indigenous venture firms are also impactful, with the largest being Mercury Fund with 750M USD under management and 13.5B USD of value created through investments in Texas and other parts of the Midwest (Mercury Fund, n.d-a; Mercury Fund, n.d-b; Founder Institute, 2024).

Startups

Houston's support ecosystem, historically less visible than the other two cities, has undergone a build-up in the last five years. The ecosystem is supported by over 80 startup support organisations such as incubators, accelerators and co-working spaces (Greater Houston Partnership, n.d-a). A cornerstone is the Texas Medical Center (TMC) Innovation Institute, which runs the TMCx accelerator for health and life science startups and provides coworking lab space in the TMC campus (Founder Institute, 2024). Through TMCx, health startups get access to hospital mentors, clinical trial sites, and funding opportunities, accelerating biotech innovation in Houston's core. For tech startups outside of healthcare, Rice University spearheaded the development of The Ion, a 300,000 sq ft innovation hub opened in 2021. Notable

accelerators in Houston include MassChallenge Texas, a zero-equity accelerator, the Ion Accelerators for industries like climatetech and aerospace and the Capital Factory Houston program, an extension of Austin’s accelerator into the Houston market (Founder Institute, 2024). There are also mission-focused incubators such as JLABS, TMC, run by Johnson & Johnson, which has wetlab facilities for early-stage biotech and medtech companies (Founder Institute, 2024).

Law Firms

Houston, like Austin and DFW, is home to most major law firms. (Houston Bar Association, n.d.)

Other Partners

The city of Houston offers tax deductions and direct grants to companies that invest over 2.5M USD and that create at least 25 new jobs, incentivizing businesses to relocate to the area (City of Houston, n.d.).

5.4 The Outer Space

The outer space of the startup ecosystem includes broader forces and stakeholders that, while not directly involved in daily startup activities, exert strategic influence on startup success. In Texas, and specifically in Austin, DFW, and Houston, this “Outer Space” includes public policy and regulatory environment, regional market dynamics, talent inflows, and the influence of nearby or interconnected ecosystems. These factors create the context in which the core and regional ecosystems operate.

5.4.1 Public Authorities and Regulators

All three cities benefit from Texas’s generally pro-business, low-tax regulatory environment (Texas Economic Development & Tourism Office, n.d-a). Since taking office in January 2015, Governor Greg Abbott, as of 2025 the

longest-serving incumbent governor in the United States (National Governors Association, n.d.), has maintained a coherent and predictable pro-business policy orientation that reduces the regulatory uncertainty firms typically weigh in long-horizon location decisions. Under this framework, Texas has been ranked the best state for business for 22 consecutive years by Chief Executive magazine, based on annual CEO assessments of business climate, workforce, and quality of life (Office of the Texas Governor, 2025). State and local governments actively court innovation. For example, the Texas Enterprise Fund, which has been used to attract major tech employers (Texas Economic Development and Tourism Office, n.d-b). New public efforts have also emerged. One notable influence in biotech is the Cancer Prevention and Research Institute of Texas (CPRIT), a \$6 billion state fund that provides research grants and product development awards. CPRIT has seeded dozens of biotech startups in Texas, bolstering the life sciences ecosystem (Cancer Prevention and Research Institute of Texas, n.d.). Another example is ride-sharing and fintech startups, which have found Texas's regulatory climate more predictable than in some coastal states. A concrete example is Texas's supportive stance on autonomous vehicle testing, which attracted mobility tech companies to the Dallas and Austin areas in recent years (Texas Department of Motor Vehicles, n.d.; Waymo, 2026). Overall, public authorities in Texas set an inviting stage for firms: streamlined regulations, business-friendly laws, and active courtship of tech investment have created an outer environment where companies can experiment and grow with fewer barriers (Founder Institute, 2019).

5.4.2 Customers

The demand-side environment of the Texas Triangle is characterised primarily by a dense concentration of large corporate buyers rather than a diffuse consumer market, a distinction with material implications for the types of firms best positioned to scale within each city. Texas hosts 54 companies on

the 2025 Fortune 500 list (Texas Economic Development and Tourism Office, n.d-a) creating an exceptionally deep pool of enterprise customers across energy, financial services, logistics, healthcare and telecommunications. This corporate density shapes the customer profile of firms across all three cities toward a predominantly B2B orientation. In Austin alone, over 80% of SaaS companies operate in the B2B sector, serving enterprise clients rather than end consumers (SaaStock, 2023). In Houston, the TMC functions as a particularly concentrated source of institutional demand, its 60 member institutions, including 21 hospitals and numerous academic and research organisations (Texas Medical Center, n.d-c), generate continuous procurement requirements for medical technology, software, logistics, and life sciences suppliers. In DFW, anchor firms such as AT&T, whose global supply chain organisation actively maintains a structured vendor onboarding programme for technology and infrastructure suppliers (AT&T, n.d-b) create B2B demand pipelines for telecommunications and enterprise technology firms.

A secondary but growing B2C demand layer exists, driven by Texas's rapid demographic expansion. The state's fast-growing population creates viable end-consumer markets for fintech platforms, digital health services, and media products. However, this consumer demand functions primarily as an enabling condition for scale rather than as the primary customer base for the innovation economy. (U.S. Census Bureau, 2026a)

5.4.3 Job Candidates

A critical factor is the talent pipeline feeding Texas startups and already established firms. All three cities benefit from large, quality educational institutions producing skilled graduates. These universities not only educate future developers and scientists but also often retain them locally. Beyond local talent, migration patterns since 2018 have significantly bolstered the workforce. Texas has led U.S. states in population growth in absolute terms (U.S. Census Bureau, 2026a). Furthermore, the three-city dynamic within

Texas means talent is somewhat fluid across the regions. For example, a Houston startup can recruit an AI specialist from Dallas or a biotech PhD from Austin with less friction due to the distance. This inter-city talent exchange is facilitated by the Texas Triangle's connectivity (Founder Institute, n.d.). Overall, strong talent pipelines, both from local universities and inbound migration, ensure a steady supply of human capital, which is a decisive advantage at the ecosystem level.

5.4.4 Other Regional Ecosystems

The Outer Space includes the influence of nearby and global ecosystems. The state's central geography also enables Texas clusters to serve as a bridge to other markets. Houston's port and international trade ties, for instance, give its companies easier access to Latin American and global markets. There is also a growing relationship between the US and Mexico's tech scene. Providing connection to cities like Monterrey and Guadalajara, which provides market expansion routes for firms on both sides and enables local offshore production, also known as nearshoring. (Bay Area Council Economic Institute, 2021)

5.5 Summary Ecosystems

The following tables provide a structured overview of the Texas innovation ecosystem, organised according to the three layers of the Startup Ecosystem model applied throughout this chapter: the core, the regional ecosystem, and the outer space. Each layer is presented as a separate table, with Austin, DFW, and Houston displayed as parallel columns to enable direct cross-city comparison. The regional ecosystem table is further divided into its constituent sub-components: education, corporations, investors, startup support, and other partners, reflecting the analytical structure of the empirical findings. Taken together, the tables are intended to allow the reader to grasp both the individual character of each city and the broader logic of the Texas Triangle as

a federated innovation economy in which three distinct cluster models operate in complementary relation to one another.

Table 1: The Core Ecosystem of each city

Core

Dimension	Austin	Dallas-Fort Worth	Houston
Cluster identity	Semiconductors · AI / SaaS · EV	Fintech / finance · Telecom · Defence	Energy · Aerospace · Healthcare
Ecosystem model	Highest startup density and most unicorns	Largest funding volume and most students	Smaller volume, deep industry focus
Key metrics	2,385 startups · 17 unicorns · \$2.4B funding · +24% growth · ranked 16th globally	2,158 startups · 9 unicorns · \$3.76B funding · +5.2% growth · ranked 27th globally	1,318 startups · 3 unicorns · \$1.8B funding · +13% growth · ranked 52nd globally
Anchor corporates	Oracle, Tesla, Dell, Apple	AT&T, Lockheed Martin, Charles Schwab, Ericsson	ExxonMobil, HP Enterprise, NASA/JSC, TMC institutions
Signature investment	Samsung \$17B megafab · Texas Instruments \$60B across 7 sites	TXSE (\$250M raised) · 2.09 GW data-centre capacity	Eli Lilly \$6.5B pharma · TMC Helix Park (37 acres)

Table 2: The Regional Ecosystem of each city

Regional Ecosystem

Dimension	Austin	Dallas-Fort Worth	Houston
Education			
Scale	20+ institutions · ~180,000 students	70+ institutions · ~400,000 students	100+ institutions · ~315,000 students
Anchor university	UT Austin — computer engineering 8th, entrepreneurship 6th, finance 5th nationally	UT Dallas (business 31st) · SMU — data science and computing	Rice (petrochemical engineering 2nd, biomedical 9th) · UH (entrepreneurship 1st nationally)
Key R&D assets	Texas Advanced Computing Center (TACC) · Cockrell School of Engineering · Dell Medical School	Texas Semiconductor Institute · SMU data science programs · Texas Research Alliance	Rice-TMC Collaborator Fund · UH Center for Advanced Materials · MD Anderson (cancer research 1st)
Corporations			
Corporate-startup linkages	Dell AI infrastructure · Oracle Customer Edge Summit · US Army Futures Command at Capital Factory	AT&T Foundry (5G/telecom) · Lockheed Martin mentorship · Dallas Startup Week (DRC)	TMC research partnerships · Rice-TMC BioScience Collaborative · UH Advanced Materials
CVC / venture arms	Dell Technologies CVC · coastal VC offices (a16z, 8VC)	AT&T Foundry · Perot Jain · Dallas Venture Partners · Bios Partners (biotech)	Mercury Fund (\$750M AUM) · Houston Angel Network (\$100M+ invested) · Goose Capital
Investors			
Angel networks	Central Texas Angel Network (CTAN) — one of most active in U.S.	North Texas Angel Network · Dallas Angel Network · Cowtown Angels (Fort Worth)	Houston Angel Network · Goose Capital consortium
Venture capital	LiveOak VP · Silverton Partners · ATX Seed Ventures + coastal funds (a16z, 8VC)	Perot Jain · Dallas Venture Partners · cross-city: Silverton Partners, Mercury Fund	Mercury Fund (largest, \$750M AUM, \$13.5B value created)
Startup support			
Infrastructure	100+ incubators, accelerators and co-working spaces	150+ incubators, accelerators and co-working spaces	80+ incubators, accelerators and co-working spaces
Key accelerators	Capital Factory · Techstars Austin · MassChallenge Texas	Capital Factory · Tech Wildcatters · RevTech Ventures	Capital Factory · TMCx (health/life sciences) · Ion Accelerators
Key incubators	Capital Factory · Austin Technology Incubator (ATI) · Texas Innovation Center	Capital Factory · Dallas Entrepreneur Center (DEC) · SMU Caruth Institute	Capital Factory · TMC Innovation Institute · JLABS (J&J wetlab)
Law firms	All major firms present or accessible via other Texas cities	All major firms present	All major firms present
Other partners			
Municipal incentives	Business Expansion Programme (min. \$2M investment and 10% headcount increase)	Dallas Business Development Grant (>\$2M investment threshold)	Tax rebates + direct grants (>\$2.5M investment and 25+ new jobs)

Table 3: The Outer Space of the cities

Outer Space

Dimension	Applies across Austin, Dallas-Fort Worth and Houston
Public Authorities and Regulators	Pro-business, low-tax framework under Gov. Abbott, longest-serving incumbent U.S. governor (in office since 2015). Texas ranked best state for business for 22 consecutive years (Chief Executive magazine). Texas Enterprise Fund (\$64B committed investment, 213 projects).
Customers	Demand predominantly B2B. Texas hosts 54 Fortune 500 companies (2025). Austin: 80%+ of SaaS firms serve enterprise clients. Houston: TMC's 60 member institutions generate continuous procurement demand for medtech, software and life sciences suppliers. Dallas: AT&T maintains a structured vendor onboarding programme creating B2B pipelines for telecom and enterprise technology firms. Secondary B2C layer driven by fast-growing, diverse population creates markets for fintech, digital health and media.
Job Candidates	Texas led U.S. in population growth in 2025 (+391,000 residents). Record 1.6M students enrolled statewide. Strong local university output retains graduates in-state. Inter-city talent mobility across the Triangle reduces recruitment friction — startups can recruit specialists across Austin, Dallas and Houston with relative ease due to geographic proximity and connectivity.
Other Regional Ecosystems	Houston's port and trade ties provide access to Latin American and global markets. Growing connections to Mexico's tech hubs (Monterrey, Guadalajara) create nearshoring opportunities for firms on both sides of the border.

6 Empirical Findings - Clusters

To further understand the business climate, empirical findings in line with Krugman's New Geography model (NEG) provides an overview of industrial clusters within Texas and potential evidence of why they are attractive.

6.1 Spatial concentration and industrial clusters

The Texan economy is not a uniform landscape, rather, it is, as mentioned above, a series of highly concentrated "cores" that drive the state's rapid growth. According to Krugman's NEG, these clusters form because firms find it more profitable to locate near competitors, specialized suppliers and a deep pool of skilled labor (Krugman, 1991). In Texas, this has resulted in three distinct metropolitan powerhouses that dominate different global sectors, creating a circular causality where success in one industry attracts even more investment and talent to that specific location.

6.1.1 Austin - Technology & Semiconductor Clusters

Austin serves as the primary example of a high-tech core in the southern United States. By late 2025, technology-related roles accounted for approximately 16.3% of the city's total workforce, which is nearly double the U.S. national average of 9.0% (Workforce Solutions Capital Area, 2025). This results in a Location Quotient (LQ) of 1.81, meaning Austin is 81% more concentrated in tech than the rest of the country. They also has a LQ of 1.93 for computer and mathematical occupations, placing them in the top 10 metropolitan areas nationally (U.S. Bureau of Labor Statistics, 2023). The "increasing returns" mentioned in NEG are most visible in the semiconductor sector, where Austin and surrounding areas like Taylor and Sherman have become global manufacturing hubs. For example, Samsung's \$17 billion (36% of Samsung's total US investment since 1978) "megafab" facility in Taylor is set to be fully operational in 2026, creating 1,800 direct high-tech jobs and

thousands of indirect roles (Samsung, 2025). Similarly, Texas Instruments is nearing completion of the largest investment in semiconductor manufacturing in US history, totaling over \$60 billion across seven facilities around Austin and Utah (Texas Instruments, 2025).

6.1.2 Houston - Energy, Space & Healthcare Cluster

Houston serves as an example of a mature core diversifying into multiple specialized clusters. While remaining the global energy capital with 200,000 sector employees (Greater Houston Partnership, 2025b), it has developed parallel hubs in healthcare and aerospace. The healthcare sector is anchored by the TMC, the world's largest medical complex, which supports over 100,000 employees across 60+ institutions (Texas Medical Center, 2021). In 2025, healthcare led regional job growth and is projected to add 14,000 positions in 2026, representing 45% of all new employment in the metro area (Morales, 2025). The cluster's infrastructure is continuously expanding through TMC Helix Park, a 37-acre campus for clinical research and life science (Texas Medical Center, 2023). This concentration has attracted major international capital, including a \$6.5 billion investment from Eli Lilly in late 2025 to manufacture active pharmaceutical ingredients (Eli Lilly, 2025).

Parallel to healthcare, Houston hosts around 500 aerospace related firms and institutions, all centred around the Johnson Space Center, founded in 1961, which operates with a \$5.3 billion annual budget. Each year, Nasa invests more than \$2.5 billion, including \$440+ million into small businesses in Texas (Greater Houston Partnership, n.d-b). This dense concentration and investment flow has pulled in major private firms like Axiom Space and Intuitive Machines, with the latter securing a potential \$4.82 billion NASA contract for lunar communications infrastructure (NASA, 2024). The presence of NASA creates a self-reinforcing loop, the agency attracts private contractors, who in turn attract specialized aerospace engineers, making Houston one of the most efficient locations for space-tech firms to operate and is therefore

ranked as the largest cluster of space and aviation in the world (Greater Houston Partnership, n.d-b).

6.1.3 DFW - Financial, Defense & Telecommunications Cluster

DFW serves as a primary core for high-end services and advanced manufacturing. DFW is the second-largest financial services hub in the U.S. by employment (Hagan, 2023). This is further anchored by the opening of the Texas Stock Exchange (TXSE), which raised over \$250 million from global investors and is projected to start trading early 2026 (TXSE Group, 2025).

In addition to finance, DFW maintains one of the world's densest telecommunications clusters. The region is home to the global headquarters of AT&T and Ericsson's North American headquarters (Brown & Jones, 2026; Plano Economic Development, 2025). Ericsson's Lewisville facility further illustrates the depth of the region's telecom infrastructure, operating as one of only 14 factories in the US recognised by the World Economic Forum for advanced digital manufacturing technologies (World Economic Forum, n.d.; Ericsson, nd-b).

The region's digital infrastructure is further defined by its data-center capacity, projected to reach 2.09 gigawatts (GW) in 2026, ranking second nationally behind northern Virginia (Mordor Intelligence, 2026a; 2026b). To provide scale, DFW's market size exceeds the entire national data-center capacity of France, estimated at 1.72 GW in 2025 and is roughly half of Germany's 4.26 GW (Naschert and Dlin, 2025). This massive capacity serves as a core for AI and hyperscale cloud providers requiring dense connectivity (Department of Energy, 2024). Alongside these sectors, the defense cluster remains a massive component. DFW had a LQ of 1.75 for aerospace engineers in 2024 (U.S. Bureau of Labor Statistics, 2025a), supported by anchor facilities for Lockheed Martin and Bell Textron (Federal Reserve Bank of Dallas, 2025).

6.2 Infrastructure & Transportation Costs

The physical connectivity of the Texan market is built around a mega-region known as the Texas Triangle. This area is defined by a highway network of over 27,000 lane miles, with the I-35, I-10 and I-45 interstates serving as the primary arteries linking Austin, Houston, and Dallas (Texas Department of Transportation, n.d; Texas Urban Planning Agency, 2025). This infrastructure allows for the movement of goods and people between the three largest economic hubs in the state.

Texas also occupies a central position within the North American continent, which serves as a fixed geographical advantage for distribution. This central location places the DFW within a 48 hour trucking radius of approximately 93% of the United States population (Dallas County Inland Port, n.d). This reach is also reflected in aviation data, as the state's central placement allows for symmetrical flight times to the major coastal hubs. Direct flight times from Dallas-Fort Worth (DFW) to both Los Angeles (LAX) and New York (JFK) average under 4 hours (Travelmath, n.d-a; n.d-b).

The state's placement also results in a timezone advantage for business operations. Texas is located within the Central Time Zone (CST). This provides a window for synchronous communication with both the Eastern and Pacific coasts. During a standard eight hour workday, a firm in Texas has a seven hour overlap with New York and a six hour overlap with Los Angeles (NOAA, 2023). On an international scale, this position offers a more favorable window for communication with European markets compared to Pacific based firms, as the six hour time difference with Central Europe allows for several hours of morning overlap.

In terms of aviation infrastructure, Texas maintains more airports than any other U.S. state, with a total of approximately 1,494 landing facilities (McElhinney, 2025). DFW International Airport is currently ranked as the 3rd

busiest airport in the world. The airport handled over 85+ million passengers in 2024 and provides non-stop service to more than 250 destinations (DFW Airport, 2025). Complementing this is George Bush Intercontinental (IAH) in Houston, which serves as a major gateway for international cargo and passenger flights, serving 60+ million passengers annually (Houston Airports, 2025).

Maritime and land based trade provide further data on the state's logistical capacity. The Port of Houston is the top ranked U.S. port for foreign waterborne tonnage and total tonnage, having moved 310 million tons of cargo in 2023 (Port Houston, n.d.). On the southern border, the Laredo Land Port is the busiest inland port in the United States, with annual trade volumes exceeding \$350 billion (Laredo Economic Development Corporation, 2026). These facilities, combined with the state's internal road and rail systems, provide the physical framework for the distribution of goods across the region.

6.3 Home market effect and factor mobility

The concentration of economic activity in Texas is supported by a continuous movement of labor and a corresponding expansion of local demand. In Krugman's framework, this circular causality is driven by the interaction between firm location and worker migration. As specialized clusters grow, they attract a mobile workforce through the promise of higher real wages, which in turn expands the "home market" and makes the region even more attractive for additional firms.

6.3.1 Demographic and migration trends

Texas recorded the largest numeric population increase in the United States for 2025, adding more than 391,000 residents to reach a total of 31.7 million (U.S. Census Bureau, 2026a). Over two thirds of the state's growth since 2020 has been driven by net migration rather than natural increase. In the twelve months

ending June 2025, the state saw 167,475 net international arrivals and 67,299 net domestic migrants moving from other U.S. states (U.S. Census Bureau, 2026a). This growth is focused within the urban cores of the Texas Triangle. Houston and DFW were the top US metros for numeric gains in 2025 (U.S. Census Bureau, 2026b). The fastest rate of expansion is occurring in suburban "ring counties", where the city of Princeton recorded a one year growth rate of 30.6% (Fechter & Schumacher, 2025). This steady influx of residents increases the local density of consumers, expanding the internal market for manufactured goods and services.

6.3.2 Real wages and cost of living

One attraction of the Texan labor market is linked to the "real wage". The salaries in Texas sit around 5% below both the national mean and median. However, in DFW and Austin both measures are exceeded and Houston matches the national average. Worth noting is that work specific to the respective regional clusters pays in line with national averages (U.S. Bureau of Labor Statistics, 2025a; 2025b; 2025c; 2025d; 2025e)

The advantage comes in terms of nominal salary, the actual value, which is amplified by the absence of a state income tax and a lower cost of living. Texas ranks 16th lowest in the country for overall living expenses (DeMarco, 2025). Comparison with New York (NY), as baseline, and Los Angeles (LA) reveal the magnitude of cost of living differences, *see table 4*. DFW, Houston and Austin sit 30-40% below NY and 10-16% below LA. The local purchasing power, meaning how much more you get for your money, exceeds 50% for all three Texan cities in relation to NY and 30% compared to LA (Numbeo, 2025).

Table 4: Cost of living index by city 2025 (Numbeo, 2025)

City	Cost of Living index	Rent index	Groceries index	Restaurant price index	Local Purchasing power index
NY	100	100	100	100	100
LA	76.3	62.9	81.1	89.2	123.3
Dallas	65.8	46.2	69.2	67.1	152.8
Austin	61.7	50.1	66.0	66.6	163.7
Houston	60.6	39.8	63.4	68.9	150.0

Housing data indicates that while prices have risen in core areas, the average home value as of 2026 stands at \$261,976 in Houston, \$305,523 in Dallas and \$500,627 in Austin (Zillow, 2026a; 2026b; 2026c), all below the \$534,000 national average (Federal Reserve Bank of St. Louis, 2026). Renting index sits, see *table 4*, far below coastal hubs. The combination of high nominal earnings in specialized sectors and reduced expenditure on taxes and housing creates a high real wage that acts as a centripetal force for mobile talent.

6.3.3 Educational and technical talent pool

The supply of specialized labor is maintained by the state's higher education output, which reached an all time high of 1.6 million students in the fall of 2025 (Texas Higher Education Coordinating Board, 2025). Enrollment at public universities grew by nearly 19,000 students in a single year, with record breaking freshman classes at the University of Texas at Austin (Texas A&M University System, 2025; University of Texas at Austin, 2025).

The output of technical talent is a central component of this labor pool. For the 2024 to 2025 academic year, UT Austin conferred a record 15,963 degrees, while the Texas A&M College of Engineering maintained an enrollment of over 25,000 students in specialized fields such as aerospace and computer

engineering (University of Texas at Austin, 2025; Texas A&M University Engineering, 2024). This consistent flow of STEM graduates provides the human capital required to sustain the increasing returns of the state's technology and manufacturing clusters.

6.3.4 Centrifugal forces: Cost of agglomeration

Krugman's model indicates that economic concentration is eventually balanced by centrifugal forces that push activity away from the core when the costs of density outweigh the benefits. In Texas, these forces are visible through infrastructure strain, utility demand and shifting real estate dynamics within the primary metro regions.

Traffic congestion serves as a primary indicator of these pressures, with 96 of the state's top 100 most congested road segments located within the Texas triangle (Texas Department of Transportation, 2025). Commuters in major U.S. urban areas lost an average of 63 hours to delays in 2025, while truck-specific delays in Houston increased by 16% between 2019 and 2024 even though travel volume only increased by 4% (Texas A&M Transportation Institute, 2025), highlighting the logistical strain on the state's freight networks.

Electricity demand further illustrates the costs of rapid growth. The Electric Reliability Council of Texas (ERCOT) reported a record peak demand of 80,000+ MW in December 2025 (ERCOT, 2025). Projections indicate that demand will grow by 11% annually through 2026 (EIA, 2025c), the fastest rate among all U.S. grids, driven by data centers and industrial expansion.

Real estate dynamics in the major cores have also begun to adjust. While home values remain 25-35% higher than pre-pandemic levels (Mayer, 2026), average home prices in DFW, Houston and Austin all declined by 3-6% in the last year (Zillow, 2026a; 2026b; 2026c).

7 Analysis - Environment

This chapter is the first part of the analysis and addresses the first element of the thesis purpose: to examine the strategic advantages of the Texan business landscape. It is divided into two parts, first the macro environment and then the ecosystems and clusters together.

7.1 Analysis - Macro Environment

The macro-environment analysis is structured around the six PESTEL factors. Rather than approaching them one by one, they are approached as interconnected dimensions that collectively shape the business environment in Texas. Throughout the analysis, linkages between these are highlighted as they emerge, recognising that political, economic, social, technological, environmental and legal conditions frequently overlap and influence each other.

7.1.1 Scale and Conditional Resilience

The scale of the Texan economy offers something that goes beyond the passive appeal of low operating costs, even though the tax structure is very favorable. As the 9th largest economy in the world and representing approximately 9.5% of U.S. GDP, Texas gives incoming firms access to a market large enough to absorb significant expansion without immediate saturation. This is further supported by active state involvement through instruments like the Texas Enterprise Fund (TEF), which works as a deal-closing mechanism that reduces financial risk for firms considering major relocation or expansion decisions. The TEF sits in tension with Texas' broader political identity as a minimal-intervention, free-market state. The TEF is a deliberate act of capital allocation by the state. The government selectively shapes where investment flows. Rather than contradicting Texas appeal, this reveals a more pragmatic

model than the ideological framing suggests, the state intervenes enough to win investment while maintaining the narrative of a deregulated environment.

The concentration of over 50 Fortune 500 headquarters across diverse sectors adds another layer to this advantage. This concentration has likely reached a point where it actively reinforces itself. A dense corporate ecosystem generates supplier networks, talent pipelines and institutional knowledge that lower the entry risk for subsequent firms, a dynamic that helps explain Texas' sustained 20-year leadership in FDI capital expenditure. Industrial diversification at this scale also limits exposure to sector-specific downturns, further reducing risks related to market entry.

7.1.2 Institutional Speed and Its Trade-offs

A defining feature of the Texan business environment is the priority placed on speed. While low taxes are frequently highlighted as the state's main draw, the more consequential advantage may be the reduction of administrative friction that allows firms to move from decision to operation faster than in most comparable U.S. markets. The recent expansion of the specialised Business Court system and the 2026 transfer of primary environmental enforcement authority from the federal EPA to the state-level TCEQ both point in the same direction, a consistent effort to shorten the distance between business intent and business execution.

The clearest expression of this governing approach is not a policy but a piece of infrastructure. Texas runs approximately 90% of its power grid through ERCOT, deliberately bypassing federal oversight. This goes beyond an energy infrastructure decision, it is Texas's preference for autonomy built directly into its operational systems, producing a regulatory environment that moves faster and with less federal interference than most other U.S. states can offer. Critically, this same autonomy gives Texas the structural capacity to expand its grid faster than federally regulated alternatives. Projects can receive expedited

permitting and approval which is reflected in the recent infrastructure investments. The trade-off, an isolated grid cannot draw on neighbouring states during demand spikes, meaning that when extreme weather hits, as the 45 recorded billion-dollar climate disasters in recent years demonstrate, the consequences fall entirely on the state and the businesses operating within it. The same institutional choice that enables faster expansion also removes the buffer that federal integration provides.

The surge in data center development that has made DFW the second-largest data center market in North America shows how effectively Texas turns institutional efficiency into investment attraction. But these are precisely the energy-intensive operations most exposed to grid instability. The institutional advantage is well-documented and valuable, but it carries an operational risk that firms entering the market need to account for.

7.1.3 The Dual Energy Advantage

The renewable build-out in Texas was not primarily driven by environmental policy but by deregulated market conditions that made wind and solar financially attractive to investors. An energy transition rooted in market economics is more durable than one dependent on political will, and it helps explain why Texas has scaled renewables at a pace that more heavily regulated states have struggled to match and hence led to the state leading in both total energy production and renewable energy production.

For incoming firms, this creates a compliance environment that is hard to find elsewhere. With the primary enforcement authority being transferred to state-level TCEQ in 2026, companies face lighter regulatory pressure than federal standards alone would require, all while still being able to draw on renewable energy capacity to support sustainability commitments. For European firms in particular, accustomed to stricter home-market ESG expectations, the Texan energy mix could prove an advantage. The

reputational positioning that Texas' energy profile enables, may be strategically useful, but the reduced enforcement environment adds a layer of complexity that stakeholders at home may scrutinize.

7.1.4 Flexibility without instability

The Texas labour market is built to give employers maximum flexibility. Through at-will employment, right-to-work legislation, and a union membership rate below 5%, companies can scale their workforce up or down with almost no legal friction. In most labour markets, removing job security to this degree would produce high turnover and an unstable workforce. Texas avoids this outcome through a continuous and large-scale inflow of talent. The state added most new residents in 2025, and approximately 80% of people born in Texas remain in the state, creating a workforce that is both flexible for employers and surprisingly stable in aggregate.

The state is frequently associated with a results oriented, high performance mindset, and this is best understood as both a cultural identity and a structural reality. Texas has a distinct tradition of individualism, self reliance and personal accountability that predates its labour legislation. Research on cultural dimensions identifies these as general American traits, but in Texas they are both more pronounced and structurally reinforced. Workers without job security face real pressure to perform, and the talent pool around them is large and growing. Underperformance has immediate consequences. What prevents this from feeling punishing to most Texans is that the culture independently valorises self reliance and individual achievement. The structural pressure and the cultural expectation point in the same direction and reinforce each other. The same logic applies to businesses. In a deregulated market with high capital inflows and low barriers to entry, competitive advantages erode quickly and firms must continuously improve to maintain their position. The result is a performance orientation that is self sustaining, driven equally by cultural identity and structural consequence. For incoming

firms this is both an opportunity and a consideration. The Texan labour market enables productivity, but realising it requires organisations to be prepared to operate at the pace the environment sets.

7.2 Analysis - Ecosystems and Clusters

The following analysis examines the Texas innovation landscape at the regional level, combining two theoretical frameworks that are applied together rather than separately. The Startup Ecosystem model is used to map the actors and support structures surrounding each city's innovation environment: universities, accelerators, investors, and anchor corporations. Krugman's New Economic Geography explains why those ecosystems have developed where and how they have. The two frameworks complement each other because ecosystem actors are not just background context, they are the mechanisms through which the geographic concentration and self-reinforcing dynamics that NEG describes actually operate in practice.

7.2.1 Three Models of Ecosystem Development

The three cities represent distinct but complementary models of innovation ecosystem development, and comparing them through a single metric framework is misleading.

Austin exemplifies a depth model, characterised by the highest startup density and unicorn count relative to population, anchored by specialised academic institutions and a self-reinforcing innovation cluster that operates largely independently of demographic scale. When ecosystem metrics are normalised to population, Austin's concentration becomes especially visible: per-capita funding reaches roughly \$941 per metro resident, compared to approximately \$453 for Dallas and \$231 for Houston. Austin also records the highest per-capita startup density and unicorn count, outpacing both larger metros by a substantial margin.

Dallas, by contrast, embodies a breadth model. It leads in total funding volume, enrolled student population, and aggregate ecosystem resources, reflecting a wide corporate base that distributes innovative activity across sectors rather than concentrating it in any single domain. A caveat applies to academic comparisons: Dallas leads in total enrolled students, but this volume is distributed across a large number of community colleges and workforce-oriented institutions. Austin's student population, concentrated in research-intensive universities such as UT Austin, produces a disproportionate share of specialised graduates in fields such as software engineering, AI, and deep tech. A direct per-capita comparison of student headcounts risks conflating volume with quality.

Houston represents a third trajectory, one of deliberate specialisation. Smaller in conventional volume metrics, its ecosystem is structured around energy, healthcare and aerospace, industries characterised by longer development cycles and larger individual deal sizes. Houston's lower density ratios reflect the structural characteristics of its dominant industries rather than a deficit of innovative activity. These sectors operate on longer development cycles, larger capital requirements, and fewer but higher-value deals, making startup counts and aggregate funding poor proxies for ecosystem vitality.

The fact that the three cities operate along different but partially overlapping lines is a strength of the Texas Triangle as a whole. While there is some convergence, particularly in areas like AI and data infrastructure, Austin, Dallas and Houston each anchor a distinct industrial base, meaning that the region collectively covers a wider range of industries, company types and development stages than any single city could on its own.

7.2.2 The Self-Reinforcing Logic

Understanding why each city has developed its particular model, requires looking beyond the ecosystem actors themselves to the deeper spatial logic

that shaped where and how that concentration emerged in the first place. Krugman's NEG provides a structural explanation for why these ecosystem patterns are not merely contingent but self-reinforcing and increasingly difficult for competing regions to replicate. In each city, an initial institutional anchor created the conditions under which circular causality and increasing returns could operate, progressively deepening the cluster until relocation becomes economically irrational for firms embedded within it. In Austin, an early concentration in technology, now reflected in a location quotient of 1.81 for tech occupations broadly and 1.93 for computer and mathematical roles specifically, generated the specialised labour pool and supplier networks that subsequently attracted Samsung's \$17 billion semiconductor megafab in Taylor and Texas Instruments' \$60 billion multi-site investment across seven facilities. These are not independent location decisions, they are the market's response to an agglomeration that had already established the Austin region as the dominant location for advanced semiconductor manufacturing in the southern United States. Texas leads the nation in semiconductor manufacturing, and the concentration of investment in the Austin area reflects decades of accumulated supplier networks, specialised talent and institutional knowledge that make the region the path of least resistance for firms in this sector.

Houston illustrates the same mechanism operating across two parallel anchors. NASA's Johnson Space Center, established in 1961 and operating with a \$5.3 billion annual budget, functioned as the original attractor for aerospace contractors, who in turn drew specialised engineers, whose concentration made Houston the most efficient location for subsequent private entrants. The result is what the data now describes as the largest space and aviation cluster in the world. The Texas Medical Center replicates this logic in healthcare: 106,000 employees across 60 institutions generate the clinical infrastructure, research density, and regulatory familiarity that transforms Houston into the

path-of-least-resistance location for life sciences investment, as evidenced by Eli Lilly's \$6.5 billion pharmaceutical manufacturing commitment in 2025 .

In Dallas, the anchoring role is distributed across several institutional nodes rather than a single originating institution. AT&T's global headquarters and Ericsson's North American headquarters established the telecommunications concentration that defines the cluster. The emergence of the Texas Stock Exchange added a financial dimension that has attracted further corporate relocations and capital flows. Together, these anchors underpin a projected 2.09 gigawatt data centre capacity by 2026, which itself can draw hyperscale cloud providers and AI infrastructure firms deeper into the cluster.

The competitive advantage of these clusters is not primarily a function of current policy or incentives, but of the path dependency that has accumulated over decades. A single institutional anchor, a federal agency, a research university, a corporate headquarter, created the initial spatial advantage that market forces then amplified through labour pooling, input sharing, and knowledge spillovers. Much of this growth has been organic rather than planned. The supplier networks, talent pipelines and knowledge communities that now define each cluster grew as more firms, researchers and entrepreneurs were drawn to locations where complementary actors were already present. Each new arrival made the cluster more attractive for the next, not because anyone designed it that way but because the economic logic of proximity to customers, suppliers and competitors is straightforward and self-reinforcing. This is what makes these clusters sticky. A competing region cannot replicate the outcome by matching today's conditions, because the outcome is the product of decades of compounding returns that no incentive package can manufacture from scratch.

7.2.3 Geography as the Stable Foundation

Of all the advantages Texas offers, its geographical position is the one that cannot be legislated away, replicated by a competitor state or eroded by a change in administration. Every other advantage in this analysis, tax policy, regulatory speed, labour flexibility and energy infrastructure, is a constructed condition, subject to revision. Geography is not. Geography does not add to the other advantages independently, it raises the return on all of them simultaneously.

Texas' central location places roughly 90% of the U.S. population within a 48-hour trucking radius, with DFW connecting to both coasts in under four hours. Symmetrical coastal access from a single hub is a structural property few inland competitors can match. The Central Time Zone adds overlap with both Eastern and Pacific business hours simultaneously, and morning overlap with European markets, a coordination advantage easy to underestimate until you factor in the friction that timezone misalignment typically creates.

The Port of Houston ranked first among U.S. ports for foreign waterborne tonnage in 2024, while Laredo is the busiest inland port in the country. These are not simply logistics assets but evidence of an embedded role in North American supply chains that would take generations to replicate elsewhere. Texas' position as a Latin American gateway compounds this. Direct border access, the Laredo corridor and Houston's trade ties create a nearshoring dynamic that is geographically inherited rather than organisationally constructed. This is reinforced by a population that is roughly 40% Hispanic or Latino, enabling a closer cultural and linguistic proximity to Latin American markets.

7.2.4 From Hypergrowth to Constrained Expansion

While Texas' growth momentum remains strong, the pace of expansion is beginning to moderate as agglomeration costs rise relative to benefits. The rapid concentration of economic activity within the Texas Triangle has generated increasing centrifugal forces that create friction and reduce the net advantages of further densification. These constraints are not external shocks but the predictable consequences of clusters that have succeeded.

The transportation infrastructure that originally enabled agglomeration is approaching saturation with congested road segments and truck delays; the highway network that once served as a centripetal force for logistics-sensitive firms is now generating friction costs that partially offset the agglomeration benefits it enabled.

Energy demand is following the same trajectory. ERCOT recorded a peak demand in December 2025, with 11% annual growth projected, driven precisely by the data centres, semiconductor fabs, and advanced manufacturing facilities that the cluster strategy was designed to attract. The deliberate isolation of the Texas grid from the federal interconnection means these demand pressures cannot be externalised, concentrating the strain within the same geographic footprint that generated it.

The affordability premium that functioned as a centripetal force for mobile labour and capital is also compressing. Median residential prices have declined in both Austin, Houston and Dallas, down between 3-6% respectively. These shifts reflect both an increase in housing supply and the dampening effect of elevated interest rates on real estate demand, conditions that are narrowing the cost advantage Texas has historically held over coastal markets.

Over the longer time horizon, a binding constraint regarding buildout is water supply. Forecasts point to a substantial decrease in water supply and a dramatic increase in population by 2070. For water-intensive sectors like

semiconductor manufacturing and data centers, two of Texas' fastest growing industries, this is a concrete ceiling on how long and at what scale the current growth trajectory can realistically continue.

Interpreted through the NEG framework, these pressures represent the logical endpoint of the cluster model. Increasing returns drive agglomeration until congestion costs begin to offset the benefits of further concentration, precisely the dynamic that Krugman's model predicts as clusters mature. The data signals a structural transition, from a hypergrowth phase in which centripetal forces dominated, toward a more constrained expansion phase.

Geographic patterns of growth are likely to shift accordingly, with increasing activity concentrated in suburban ring counties, rather than in the core metros that are approaching density limits. The Texas Triangle will remain the dominant economic region within the state, but the spatial distribution of activity within it is expected to become more dispersed as firms and residents seek locations that balance cluster proximity with lower costs and reduced congestion.

This transition does not diminish Texas as a destination, it changes the nature of the opportunity. The self-reinforcing clusters, the geographic position, and the institutional speed remain structurally intact and provides major advantages. However, entering Texas in 2026 is not the same as entering in 2018, the infrastructure headroom that made rapid scaling relatively frictionless during the hypergrowth period is narrower, and resource constraints in energy access, talent acquisition and logistics coordination will require more deliberate management than they did a decade ago.

7.3 Summary - Macro, Ecosystems & Clusters

The macro level analysis confirms that Texas offers one of the most business friendly environments in the world. The absence of state income tax, a

consistently pro-business regulatory posture, and a political culture that prioritises operational speed over administrative oversight create conditions that are difficult to match in any comparable market. The state actively backs this positioning with targeted instruments like the Texas Enterprise Fund, and the institutional infrastructure, from the specialised Business Court system to the state-controlled ERCOT grid, designed to shorten the distance between business intent and execution. These are substantial and well-documented advantages. At the same time, each rests on conditions that incoming firms should understand: grid independence trades federal buffers for speed, labour flexibility is sustained by continuous population growth, and the rapid expansion of certain industries faces potential environmental constraints.

At the regional level, Austin, Dallas and Houston have each developed distinct ecosystem models, depth, breadth and specialisation respectively, that are self-reinforcing through the path dependency mechanisms described by Krugman. The competitive advantage of these clusters lies not in current policy settings but in decades of accumulated supplier networks, talent pools and knowledge that no competing region can replicate through incentives alone. Geographical position underpins all of this as the one advantage that cannot be revised, removed or matched.

The transition from hypergrowth to constrained expansion changes the character of the opportunity rather than diminishing it. Texas remains a market where the structural conditions favour growth, but one where the timing, location and operational assumptions behind the entry decision matter more than they once did.

8 Empirical Findings - Swedish Firm Entry

Having established the characteristics of the Texan business landscape in chapters 4-7, the thesis now turns to the second part of the purpose. The following section examines empirical findings inline with the OLI paradigm, with a focus on Swedish firms looking to establish operations in Texas. Unlike the preceding sections, which relied primarily on secondary sources, this section is largely built on interview evidence, adding a more concrete and hands-on dimension to the thesis. It also aims to avoid repeating factors already covered, instead using insights from the interviews to deepen the picture established earlier. Since the thesis isn't looking at a singular case-company, rather Swedish firms in general, the data in the model has a more general approach.

8.1 Ownership Advantages

The following section presents general ownership advantages Swedish firms bring to the Texan market. Following Dunning's distinction, these are organised into asset-based advantages (Oa) and transaction-based advantages (Ot).

8.1.1 Asset-based advantages

In the 2025 Global Innovation Index, Sweden ranks second globally out of 133 economies, leading in infrastructure, business sophistication and knowledge and technology outputs (WIPO, 2025). Sweden spends approximately 3.6% of its GDP toward research and development, ranking fourth globally (World Bank, 2025b). Senvalds describes Swedish technical and engineering capabilities to be competitive in Texas (Senvalds, 2026). This culture of innovation has made Stockholm produce more unicorn companies per capita than any city in the world outside of Silicon Valley, with Swedish startups spanning every field (Fortune, 2026; CEPA, 2025). Alongside innovation, Swedish firms benefit from a strong country-of-origin (COO) asset. Research

shows that country of origin can serve as a shortcut for trust, quality assurance and innovation (Han, 1989). Some research suggests that the most important factor is not the country of operations but the heritage, meaning that Swedish firms will benefit even if manufacturing is located in a “worse” COO (Thakor & Lavack, 2003). More than half of interviewees verified this as an advantage (Melander; Ageskog; Hammarlund; Larsson; Linder; Öström, 2026).

8.1.2 Transaction-based advantages

Building on COO, both Anna Hammarlund, who is general consul and Linn Larsson, the vice consul, along with local business executives, observed that Texan business partners perceive Swedish firms as keeping their word, describing this as an "old school" quality that resonates well in the market (Hammarlund; Larsson; Öström, 2026). They further describe Swedish firms as carrying a consistent reputation for seriousness, credibility and technical competence. Öström, a business executive in Texas, noted that representing a company as a Swede is in itself an advantage in client relationships (Öström, 2026). Strengthened by the fact that Texas is described as a relationship driven market by the interviewees.

8.2 Location Advantages

Within the OLI paradigm, location advantages refer to the market-specific characteristics of a host territory that make it attractive for foreign direct investment. The location advantages of the Texas market are examined broadly across the empirical sections covering the macroeconomic environment, startup ecosystem and clusters in chapters 4, 5, and 6 respectively. This section focuses on new location factors, relevant to Swedish firms considering market entry and the degree to which existing Swedish institutional presence constitutes a location advantage.

8.2.1 Institutional Infrastructure

Within Texas, there are consular offices for 100 countries, of which 89 maintain active representation (Texas Secretary of State, n.d.). Of these, 14 countries hold both a Consulate General and an Honorary Consulate, a dual presence indicating sustained institutional engagement with the local market. Sweden is among these 14, and notably, represents one of only 7 European nations to have achieved this layered consular structure in Texas. The Consulate General component reflects a deliberate strategic expansion. Opened in early 2026, it is only the third Swedish Consulate General in the United States, the other two being located in New York and San Francisco, signaling the highest level of diplomatic and commercial prioritization. Its establishment is part of a broader national effort to strengthen Swedish presence in the United States, with focus on promoting and deepening cooperation in trade, investment and innovation (Utrikesdepartementet, 2025). Houston was selected due to its position as a global hub for energy, emerging technologies and life science, sectors where Sweden explicitly seeks to grow its footprint (Hammarlund; Larsson, 2026).

This institutional depth also extends beyond formal diplomatic channels, Sweden maintains SACC chapters in all three of Texas's major metropolitan markets, DFW, Houston and Austin (SACC-Texas, n.d.). All interviewees emphasized that personal networks are the foundational prerequisite for doing business in Texas (Ageskog; Anton; Cederlund; Hammarlund; Honeybone; Larsson; Linder; Melander; Senvalds; Öström, 2026), with several describing relationship-building as more critical there than in comparable markets. Multiple interviewees highlighted the SACC-Texas network specifically as a mechanism that reduces the initial cost of network formation for Swedish entrants (Anton; Honeybone; Linder, 2026). This pattern was directly observable during fieldwork conducted in Texas, where participants frequently provided referrals to additional contacts within the network deemed suitable

for the study, thereby facilitating an expansion of the research network across the state.

One interviewee, who actively works with bringing international companies to DFW, described the recommended entry pathway as one that uses both the consular network and the existing Swedish business community in the state (Anton, 2026). Under the OLI framework, this combined institutional infrastructure, consular presence, chamber networks and an established Swedish business community, can be interpreted as a Sweden-specific location advantage.

8.2.2 Swedish Firm Presence

In addition to the strong institutional presence, Sweden shows a notable business presence in Texas. A dataset of Swedish-affiliated companies operating in Texas was compiled in accordance with Sweden creates jobs in the United States (Texas Profile), identifying 88 unique companies across 183 locations. Of these entries, Houston accounts for 57, DFW for 52 and Austin for 29, together representing 138 of the 183 total entries, showing that Swedish firm presence is concentrated within the Texas Triangle. The remaining entries are distributed across smaller markets including McAllen, San Antonio, Amarillo and El Paso. (Sweden Creates Jobs in the United States, n.d.-b)

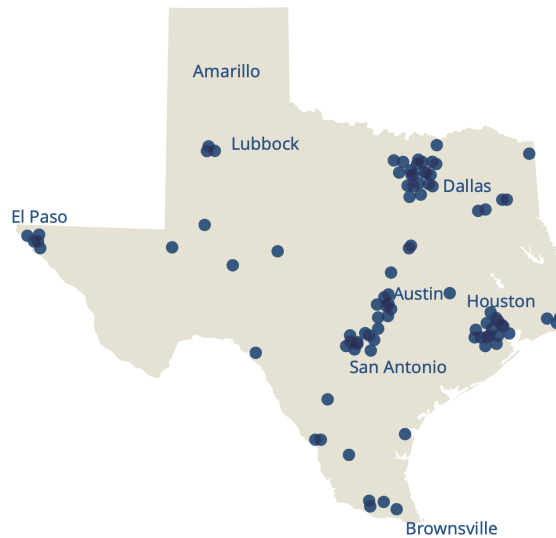


Figure 5: Illustration of the Swedish firm locations in Texas ((Sweden Creates Jobs in the United States, n.d.-b)

It should be noted that 38 entries are classified as retail stores, including firms such as H&M and IKEA, which represent consumer-facing operations rather than business establishment in the conventional sense. Excluding these, the dataset is reduced to 145 entries, with Houston and DFW maintaining the largest operational presences. (Sweden Creates Jobs in the United States, n.d.-b)

Houston's Swedish presence is facility-heavy, with 16 facilities and 14 sales offices among its 57 companies, and manufacturing accounting for the largest share of its industry distribution (17). Firms such as Alfa Laval and Atlas Copco exemplify the industrial and energy-oriented character of Houston's Swedish cluster. DFW's 52 companies contain the highest concentration of regional offices (9) of the three cities alongside 10 facilities and 9 sales offices, reflecting a mix of both operational and strategically-oriented presence. Ericsson's US headquarters in the DFW area is a notable example of the strategic weight that DFW carries for Swedish firms. Tech is the second largest industry in both Houston (9) and DFW (8). Austin's 29 companies are

structurally lighter, consisting primarily of branch offices (7) and sales offices (5), with only 3 traditional tech companies despite Austin representing Texas's primary technology and innovation hub. Einride, the Swedish autonomous electric freight company, represents a tech-oriented Swedish firm present in Austin. (Sweden Creates Jobs in the United States, n.d.-b)

Industry - Swedish Affiliated Companies

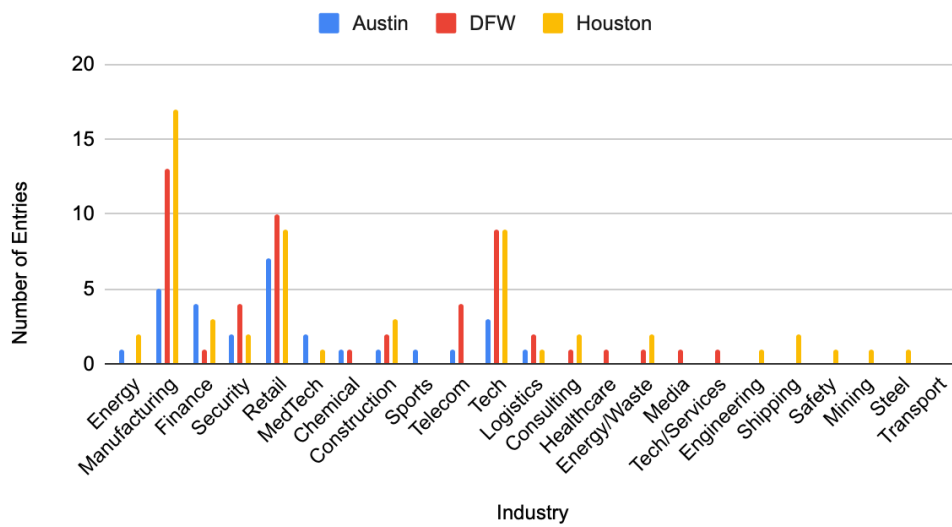


Figure 6: Swedish affiliated companies in Texas divided by industry

Office / Facility Type - Swedish Affiliated Companies

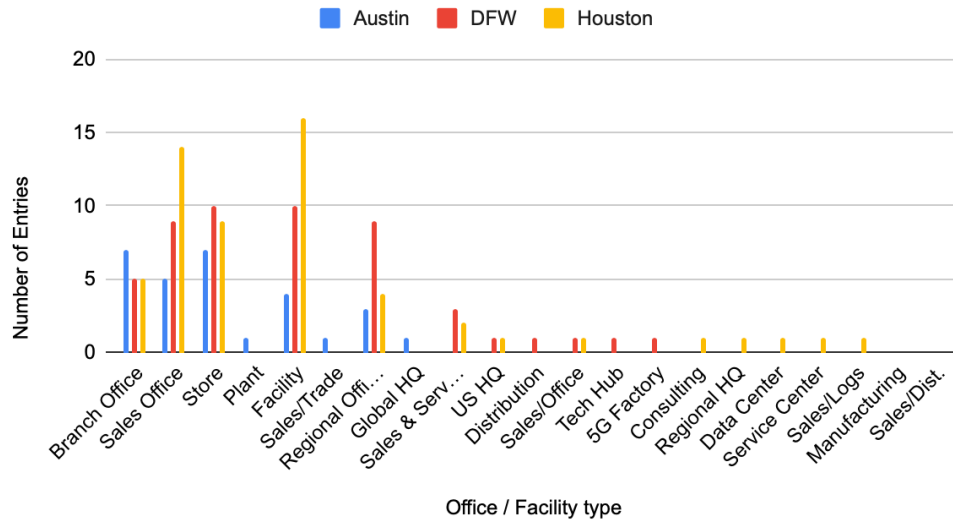


Figure 7: Swedish affiliated companies in Texas divided by facility/office

As shown in figure 6 and figure 7, the industry and facility type distributions further illustrate the comparatively limited depth of Swedish operational presence in Austin relative to its location-specific attributes. This distributional pattern is directly confirmed by interviewees at the General Consulate (Hammarlund; Larsson, 2026), who independently identified Austin as an underrepresented location for Swedish technology firms. They both argued that California has a clear roadmap for new companies, something that's currently missing in Austin. Notably, the dataset reflects a near-complete absence of Swedish startups and scaleups across the three metros. (Sweden Creates Jobs in the United States, n.d.-b)

8.3 Internalization Advantages

Within the OLI paradigm, internalization advantages explain why firms prefer to exploit their ownership advantages through owned operations rather than through licensing or partnership arrangements. This section looks at empirical data from the interviews.

8.3.1 Relationship Driven Market

The most consistently cited driver of internalization was the relational nature of the Texan business environment. All interviewees emphasized that trust and personal networks cannot be built or maintained remotely, physical presence is needed for market access (Ageskog; Anton; Cederlund; Hammarlund; Honeybone; Larsson; Linder; Melander; Senvalds; Öström, 2026). Senvalds, a local AI entrepreneur, reinforced this specifically in the Dallas context, noting that capital is disproportionately controlled by “baby boomers” who operate through personal relationships that cannot be accessed or delegated to a third party (Senvalds, 2026). This aligns with internalization theory which argues that firms will prefer owned foreign operations when market transactions are difficult to control through external arrangements (Dunning, 2000).

8.3.2 IP Protection & Control

Swedish firms ownership advantages generally rest on innovation and technical capability, making licensing arrangements particularly costly in terms of knowledge dissipation risk. The honorary Consul specifically noted that Swedish firms often compete on technical credibility (Honeybone, 2026), a quality that requires direct control over delivery to sustain. Öström observed that client trust, once established, is personal and firm-specific and difficult to transfer to a local partner without eroding the value (Öström, 2026).

8.3.3 Commitment Signaling

Melander, a local Founder and CEO, raised the importance of commitment signaling, owned operations communicate long-term intent to Texan clients and partners in a way that licensing or agency arrangements do not (Melander, 2026). Anton, an international business developer, described how pre-entry relationship building with local communities is only credible when backed by genuine commitment to physical presence (Anton, 2026). However, nearly all interviewees emphasized that this commitment requires sustained financial

investment over a minimum of three years (Hammarlund; Honeybone; Larsson; Linder; Melander; Öström, 2026), meaning that internalization, while strategically preferable, is not accessible to all Swedish firms.

9 Empirical Findings - Texan Business Culture

The following section presents empirical findings across Scott's (2014) three institutional pillars, regulative, normative and cognitive, drawing on primary interview evidence and secondary sources. Together, the three pillars map the institutional and cultural conditions Swedish firms must understand and navigate when entering the Texan market.

9.1 Regulative

The regulative pillar is the formal rules, laws and incentive structures that govern business activity in Texas. The empirical evidence relating to this pillar, including the absence of state income tax, right-to-work legislation, active incentive programs and the regulatory environment relative to coastal states, is examined in detail within the macroeconomic sections 4 & 7.1. Rather than restating those findings here, this section notes that the regulative environment of Texas is consistently described by interviewees as a foundational pull factor, and that understanding the state-level regulatory logic is a prerequisite for Swedish firms approaching the US market (Hammarlund; Honeybone; Larsson; Linder; Melander; Öström, 2026). Melander emphasized that Texas should be understood as a distinct legal and regulatory jurisdiction rather than a generic US entry point. A distinction that carries direct practical implications for how Swedish firms structure their establishment process (Melander, 2026).

9.2 Normative

The normative pillar addresses the professional conduct expectations and unwritten behavioral rules that govern business interactions in Texas. The relational foundations of the Texan market and the commitment requirements of market entry are examined in chapter 8. This section focuses on the specific behavioral norms Swedish firms encounter once present in the market.

A foundational feature of Texan professional culture is the introduction-based access system. Melander and the honorary consul Honeybone described a dynamic where firms typically receive one chance to make an impression through a third-party introduction, if that opportunity is wasted, the door closes permanently (Melander; Honeybone, 2026). Local advisors and connectors who can vouch for the firm are not optional but structurally necessary for accessing key decision-makers (Ageskog; Anton; Melander, 2026). Networking through industry events, trade shows, chambers of commerce and informal social arenas is expected as a professional obligation rather than a supplementary activity (Anton; Linder, 2026).

Speed and decisiveness are embedded professional norms. American business culture tends to move quickly from problem identification to decision, with directness and momentum valued throughout (Cultural Atlas, 2026). Melander noted that Swedish firms frequently appear slow or indecisive to Texan counterparts due to internal consensus processes that are standard in Sweden but unfamiliar in the Texan context (Melander, 2026). A concrete example provided is that Texans expect email to be answered within a few hours, even if you don't have the answer, signaling that you have noted their reach-out.

A specific normative friction point for Swedish firms concerns self-promotion. Jantelagen, the Scandinavian cultural norm discouraging individual self-promotion in favor of collective modesty, creates a direct tension with Texan professional expectations (CE Sweden, n.d.). In cultures where self-promotion is a professional norm, the absence of it can be misread as a lack of conviction or capability. Öström noted that Swedish firms consistently market their products well but underinvest in marketing themselves (Öström, 2026). Additionally, a high do-say ratio is expected, what is promised must be delivered precisely and on time (Melander, 2026).

9.3 Cognitive

The cognitive pillar addresses the taken-for-granted assumptions and shared mental models that shape how business is understood and experienced in Texas. Unlike normative expectations, cognitive assumptions operate below the surface of conscious awareness and are rarely recognized by those who hold them.

To ground the cognitive distance between Swedish and Texan business culture empirically, Table 5 presents Hofstede's cultural dimension scores for Sweden and the United States.

Table 5: Cultural dimension score comparison, USA vs Sweden (Hofstede, n.d.-b)

Dimension	USA	Sweden
Power Distance	40	31
Individualism	91	71
Masculinity	62	5
Uncertainty Avoidance	46	29
Long-Term Orientation	26	53
Indulgence	68	78

Hofstede notes that national scores represent cultural averages and that within-country regional variation can be considerable, describing the scores as rough "climate maps" of culture (Hofstede, n.d.-a). The biggest differences appear in masculinity (62 vs 5) and long-term orientation (26 vs 53), suggesting meaningful differences in how achievement, ambition and time horizons are understood across the two cultures. The implications of Texas's

distinct regional character for these scores are examined in the analysis section.

Several interviewees described cognitive assumptions consistent with this profile. Senvalds characterized Texan business culture as "cowboy driven", personality-led, deal-oriented and action-focused (Senvalds, 2026). Melander described Texan culture as layered like an onion, where surface-level openness conceals deeper assumptions that take significant time to understand (Melander, 2026). The foundation of American society created a unique business culture that sees risk-taking as rational, failure as educational, and bold action as preferable to cautious inaction (CultureCoach, 2025). A worldview Senvalds observed is increasingly embedded in the Texan entrepreneurial ecosystem (Senvalds, 2026). Honeybone described Texans' way of keeping their word in an old-school, honor-based way, rooted in a strong sense of self-confidence tied to Texas's identity as a self-sufficient state (Honeybone, 2026). Texans are generally very proud to be Texans which shapes interactions both within and outside the state. Both Hammarlund and Larsson noted that conservative values surface in professional contexts outside the metropolitan areas in ways unfamiliar to most Swedish professionals, and that many Swedish firms carry preconceived notions about Texas that create cognitive barriers before any real market exploration has occurred (Hammarlund; Larsson, 2026).

10 Analysis - Firm and Culture

This chapter represents the second part of the analysis and addresses the second element of the thesis purpose: to examine how Swedish companies can understand, navigate and leverage the advantages of the Texan business landscape for successful market entry and expansion. It is divided into two parts, moving from the firm level to the individual, first Swedish market entry and then Texan business culture.

10.1 Swedish Firm Entry

This analysis applies the OLI paradigm and its four FDI motives to examine how Swedish firms can leverage the Texan business landscape.

10.1.1 Ownership Advantages

Sweden ranks second in the Global Innovation Index, spends 3.6% of GDP on R&D, and Stockholm produces more unicorns per capita than any city outside Silicon Valley. This concentration of technical depth in engineering, deep tech and software gives Swedish firms a competitive edge in Texas's technology and industrial clusters. These advantages map directly onto the B2B demand structure of the Texan market. In Austin alone, over 80% of SaaS companies serve enterprise clients, while anchor buyers in DFW and Houston are large institutional clients across financial services, energy and telecommunications. Swedish firms, which tend to compete on technical depth and long-term reliability rather than price, fit this customer profile well.

Texas's customer base is predominantly B2B and enterprise-oriented. Beyond capability, Swedish firms carry a COO asset that functions as a trust signal. What makes this advantage specifically effective in Texas, rather than just generally, is that the content of the Swedish reputation, technical credibility, reliability, keeping one's word, maps closely onto how Texans evaluate

business partners. The Honorary Consul described Texan business culture as honor-based, built on a word-is-bond logic that resonates with how Swedish firms are perceived. This alignment gives Swedish firms a degree of cultural fit at the point of first contact that firms from many other countries do not have. The deeper cultural differences between Sweden and Texas, and how firms should navigate them, are examined in the institutional analysis.

10.1.2 Location Advantages

The location advantages of Texas in regards to macroeconomic factors are examined and analyzed in chapters 4-7. From the perspective of Swedish firms, two things stand out. First, growing technology clusters, a large B2B customer base and low operating costs, together create conditions that directly reward the kind of firms Sweden produces. Second, Texas offers a Sweden-specific institutional infrastructure that lowers the cost and risk of entry compared to almost all other major U.S. destinations.

Institutional Infrastructure

Location advantages belong to the place, not the firm, but some are not equally accessible to all foreign entrants. Texas's Swedish institutional infrastructure is one of these.

Sweden holds both a Consulate General and an Honorary Consulate in Texas, placing it among only 7 European nations with dual consular presence in the state. SACC chapters operate across all three major metros. Since all interviewees described personal networks as the foundational prerequisite for doing business in Texas, this network is commercially significant rather than ceremonial.

The Consulate General opening in 2026, only Sweden's third in the U.S. alongside New York and San Francisco, is the most significant recent development. It signals that Sweden has formally identified Texas as a priority

market. It creates a structured entry resource, institutional credibility, a mapped network and an easy initial point of contact. This will progressively lower entry costs for individual Swedish firms as it becomes established.

The extensive institutional infrastructure in place significantly lowers the barriers to initial network and contact formation. This suggests that Swedish firms seeking to establish a presence in Texas can expect considerable support throughout the relocation process. Observations during the fieldwork indicates that network formation for incoming Swedish firms is likely to be both accessible and efficient.

The Austin Gap

The distribution of Swedish firm presence in Texas reveals a clear mismatch. Of 88 Swedish-affiliated companies across 183 Texas locations, Houston accounts for 57 entries and DFW for 52. Austin accounts for only 29, and its character is thin, predominantly branch and sales offices, with only three firms classifiable as traditional tech companies. Einride is the only clearly tech-oriented Swedish firm with a meaningful operational footprint in Austin.

The gap is not explained by Austin lacking corporate appeal, as seen in their ecosystem rankings. It might be explained by the fact that the self-reinforcing entry cost reduction that a critical mass of similar firms creates has not yet occurred for Swedish tech in Austin. In Houston, the Swedish presence is industrial and energy-heavy. Business is historically backed and well-understood and hence navigable. In Austin, there is no established Swedish tech community, no shared knowledge of who to contact or how to access the ecosystem, and no prior entrants whose experience provides a template. As the General Consul noted, there is no clear roadmap for Swedish firms entering Austin. The absence of predecessors is a barrier and where there is an unexplained gap between a market's potential and its utilization, there is opportunity.

The Early Mover Window

Once a sufficient number of Swedish tech firms are embedded in Austin, entry costs for subsequent firms will fall. Shared networks, ecosystem knowledge, informal referral pathways and the signaling value of visible Swedish presence will all compound. Early entrants will not only benefit from Austin's advantages, they will get to shape the structure of the playing field for later Swedish firms, providing an additional advantage.

Austin is still open enough that deep embedding is achievable without too much difficulty. The cluster carries commercial value but has not reached the structural closure that characterizes Silicon Valley, where entrants from outside the established community face very large access barriers. The opening of the consulate general will accelerate Swedish interest in Texas, and as more firms begin evaluating the market, the window for disproportionate early-mover advantage will narrow.

Early-mover advantages carry costs. Firms entering before a complete roadmap exists bear the full burden of relationship-building, the 3-year investment horizon and the uncertainty of operating with few predecessors. The argument is not that any Swedish tech firm should enter Austin immediately, it is that well-resourced firms with capacity for long-term embedding face a window of opportunity.

Early and Growing Firms

Another structural observation extends beyond Austin. Despite Texas offering conditions well suited to early-stage and growth-stage entry, with the three metros collectively covering nearly every major industry along with major anchor companies, the Swedish presence at this stage of firm development is minimal. The Texas Triangle therefore presents a market environment where the demand-side conditions for early and growing Swedish firms are largely in place, but the supply-side response from Sweden has yet to materialize. This

represents a structurally untapped pathway, distinct from the established-firm opportunity in Austin, and one that remains open across all three metros simultaneously.

10.1.3 FDI Motives

Most Swedish firms approaching Texas are likely to frame their entry as market-seeking. Texas is the 9th largest economy in the world, the leading U.S. FDI destination, and its Fortune 500 buyer concentration across energy, financial services, healthcare and technology creates an enterprise customer base structurally aligned with Swedish firms' B2B orientation. This framing is reasonable, but it leads toward cautious, low-commitment entry modes.

The problem is that this logic is misaligned with what Texas most distinctively offers Swedish firms. The clusters in tech, life science, energy and aerospace, etc., are not just large markets to sell into, they are concentrations of technical knowledge, supplier networks and ecosystem relationships that can only be accessed through deep embedding. For Swedish firms at the frontier of these sectors, proximity to Austin's tech scene or Houston's life sciences infrastructure creates capability development opportunities that a sales office cannot unlock. Texas is, in this sense, as much an environment to develop within as a market to enter. This is strategic asset-seeking FDI, and it requires internalization from the start rather than as a later step once market-seeking objectives are met. The absence of Swedish startups and scale-ups across the Triangle is the clearest empirical signal that this pathway remains structurally unused. The firms whose growth logic depends most directly on cluster proximity, ecosystem access and capability development are precisely the ones missing from Texas, indicating that while established Swedish firms engage with Texas's clusters, the segment best positioned to benefit from this dimension has yet to enter.

Efficiency-seeking FDI is a relevant secondary motive for Swedish firms already operating in the U.S. lower costs than coastal markets, labour flexibility and favourable energy conditions make Texas a logical consolidation point for restructuring existing operations without sacrificing market access. Resource-seeking FDI is not a relevant motive for the Swedish tech and engineering firms this thesis primarily concerns.

The interaction between market-seeking and strategic asset-seeking motives has a direct implication for entry strategy, which connects to the internalization analysis below. Firms that enter with market-seeking logic alone systematically underinvest in the mode of presence that would unlock Texas's full strategic value.

10.1.4 Internalization

In a relationship-driven market, trust and access are difficult to build remotely. Physical presence is a precondition for being taken seriously. Senvalds noted that capital in Dallas is disproportionately controlled by individuals who operate through personal relationships inaccessible through agents or licensing arrangements. In a market where new entrants, people or firms, typically receive one introduction-based chance to make an impression, the mode of entry signals intent before a relationship has begun. Owned operations communicate long-term commitment in a way a local agent cannot. Pre-entry relationship building is only credible when backed by genuine physical presence.

For Swedish firms, this dynamic is particularly consequential. Trust, once established, is personal and firm-specific. Delegating client relationships to a third party risks eroding the relational asset that the Swedish COO advantage builds in the first place. Internalization preserves the ownership advantage, external arrangements dissipate it.

The entry motive is therefore not only a financial decision but a strategic one. A firm entering the market with market-seeking logic may judge that a local partner is sufficient until a larger scale has been achieved. But the deeper strategic value of Texas lies in cluster proximity and ecosystem embedding, both of which require long-term owned presence. Deferring that investment means forgoing the opportunity to convert market access into sustained competitive advantage. The firms that treat internalization as a later step might find that the relationships, knowledge and positioning that early embedding creates are already occupied by others.

10.2 Analysis - Texan Business Culture

Scott's three pillars represent three distinct bases of legitimacy. Regulative legitimacy means following the rules. Normative legitimacy means meeting behavioural expectations. Cognitive legitimacy means being taken for granted as a natural participant, no longer having to prove belonging. In a relationship-driven market where trust gates commercial access, this is the path from market entry to embeddedness. The 3-year investment horizon described might reflect the minimum time required to get started but a significantly longer time is required to move through all three layers.

10.2.1 Regulative

The regulative environment of Texas is analyzed in chapter 7. The key observation for Swedish firms is not the content of these rules but their character. Texas is a distinct legal and regulatory jurisdiction, not a generic U.S. entry point, firms that approach it as such risk misaligning their establishment process from the start.

10.2.2 Normative

Several Swedish professional defaults might be misread in Texas because they signal different things in this context.

Texans expect rapid responses, where even an acknowledgement without a final answer signals engagement. Swedish firms accustomed to internal consensus processes risk being read as slow or indecisive, creating friction before a relationship has properly begun.

Another tension concerns self-promotion. Swedish professionals tend to underinvest in self-promotion. In Texas, the opposite is expected and understating capability reads as a lack of conviction. This dynamic extends beyond client interactions into workplace expectations. The assertiveness and decisiveness Texan business culture expects from leaders and partners sits in direct tension with Swedish flat-hierarchy and consensus-driven professional norms. Understanding where the Swedish approach is an asset and where it creates friction is essential before entering the market.

These dynamics meet at the introduction-based access system, where firms usually receive one chance to make an impression. In most markets, normative missteps can be corrected as relationships develop. In the fast-paced Texan market, it is often impossible, as a poor first impression might close doors. The behavioral adjustments required are not major, but they need to be in place before entering the market, not learned through it.

10.2.3 Cognitive

One interviewee described Texan business culture as layered like an onion, where surface-level openness conceals deeper assumptions that take significant time to understand. Closing this gap is what Scott's framework identifies as the hardest part of institutional integration.

Hofstede's cultural dimensions provide an empirical basis for identifying where Swedish firms will face the greatest adaptation pressure in Texas. The US scores should not be treated as an estimate of Texas as its distinct political, cultural and entrepreneurial identity suggests several dimensions are amplified relative to the national average.

The masculinity gap is the largest in the data (US 62, Sweden 5) and is likely pushed further by Texas's competitive, deal oriented business culture. The practical implication is direct; Swedish firms must lead with visible ambition, assertive pitching and demonstrable wins. Technical depth alone will not close deals in a market that rewards conviction and presence.

Individualism (US 91, Sweden 71), combined with Texas's concentrated power structures, means that influence sits with specific people rather than organisations. Broad relationship building is important and a good first step but less effective than identifying and accessing the right individual. This reinforces the importance of the introduction based entry system where knowing who to reach matters as much as what is being offered.

Long term orientation (US 26, Sweden 53) has a direct tactical implication, and the gap is likely wider in Texas than the national score suggests given its fast moving deal culture and emphasis on short term momentum. Swedish firms accustomed to patient, trust building sales cycles must demonstrate early traction. A slow start risks being read as lack of momentum rather than strategic patience.

On risk tolerance, the surface alignment between Sweden and Texas conceals a meaningful difference. Both cultures show relatively high entrepreneurial risk appetite, but the basis differs. Swedish risk taking is partly underwritten by a welfare system that limits personal downside. In Texas there is no equivalent safety net, and risk is culturally valorised precisely because of that. Swedish firms should not assume shared risk appetite translates into shared assumptions about what failure means.

The dimensions, masculinity, individualism, long term orientation and decisiveness, are also the ones most visible in daily business interaction, meaning misalignment will surface early and repeatedly. The Swedish COO advantage creates genuine goodwill at first contact, but firms that mistake a

warm reception for cultural fit risk underinvesting in the deeper adaptation that cognitive legitimacy requires. The strategic question is therefore not how much to adapt, but which dimensions to adapt and which to preserve. Adjusting communication speed, investing in self promotion and building local networks are necessary. But adapting too completely risks eroding the Swedish professional identity that constitutes the ownership advantage in the first place. That judgment is itself part of what the 3 year investment horizon buys, not just commercial relationships, but the contextual understanding of when being Swedish is an asset and when it gets in the way.

10.3 Summary - Firm and Culture

The firm-level analysis confirms that Swedish firms enter Texas with a structurally well-suited profile. R&D intensity, technical depth and B2B orientation match the customer base of the major Texan clusters and the Swedish COO functions as a credibility asset in a market that evaluates partners on reliability. Sweden's institutional infrastructure in the state, dual consular presence, SACC chapters and the Consulate General opening in 2026, lowers the network-formation costs that other foreign entrants must absorb individually. Austin is the clearest underutilised opportunity in this picture, the thin Swedish footprint does not reflect a lack of fit but the absence of a predecessor base. Unlike Houston and DFW, where the Swedish presence is more established, Austin still offers an early-mover window. A second opportunity, distributed across all three metros, lies in the near-absence of Swedish startups and scaleups despite market conditions and support systems well suited to early-stage entry and growth-stage entry. Capturing these opportunities depends on entry mode. Swedish firms should approach Texas as strategic asset-seeking rather than market-seeking FDI. A market-seeking framing leads toward cautious, low-commitment presence and leaves the deeper value of cluster proximity and ecosystem embedding unrealised. In a

relationship-driven market, internalisation is an entry condition rather than a later optimisation.

The cultural adaptation required runs in parallel and carries direct strategic implications. Scott's three pillars describe a progression from following rules, to meeting expectations, to being taken for granted as a participant, a progression the 3-year investment horizon only begins to cover. The normative layer demands immediate behavioural adjustment, response speed, self-promotion and visible ambition all run against Swedish professional defaults but must be in place before first contact, not learned through it. The cognitive layer carries the heavier strategic weight. The Hofstede gaps in masculinity, individualism and long-term orientation translate into concrete tactical requirements: leading with visible ambition rather than relying on technical depth, accessing specific decision-makers rather than building broadly, and demonstrating early traction in a market where a slow start reads as lack of momentum, not strategic patience. The Swedish COO advantage creates goodwill at first contact, but goodwill is not cultural fit. Firms that confuse the two underinvest in the deeper adaptation that cognitive legitimacy requires. The adaptation is bounded, over-adjusting erodes the Swedish identity that constitutes the ownership advantage in the first place, and judging which dimensions to shift and which to preserve is itself part of what the embedding period buys.

11 Conclusion

This thesis set out to describe and analyse what makes the Texan business landscape strategically distinctive, and to examine how Swedish firms can navigate and capture the opportunity it presents. The analysis progresses across three levels, from the macro environment down to the firm and the local business culture. This chapter consolidates those levels into a single response to the purpose, before translating the findings into a location strategy.

Few markets in the world combine the conditions that Texas does, *see figure 4, summary PESTEL*. Tax policy, regulatory efficiency, pro-business governance, energy availability and a continuously expanding workforce all reinforce one another, producing advantages that compound rather than aggregate. The state has consequently established itself as the leading destination for foreign direct investment in the United States and for corporate relocation. This positioning is reinforced by a structured set of support mechanisms, *see table 2, regional ecosystem of each city*. The Texas Enterprise Fund administers deal closing grants conditional on job creation and capital commitment, and a broader set of state and regional programmes extends further incentives to firms relocating or expanding into the state. Such instruments do not generate the underlying advantage, but they demonstrate that inward investment is treated as a strategic priority and resourced accordingly. None of this represents an advantage that a competing state could replicate within a short horizon. It is the cumulative product of decades of consistent political and institutional alignment.

Within the Texas Triangle, three distinct cluster models have emerged, *see table 1, the core ecosystem of each city*. Austin has developed depth in technology and semiconductors, DFW has built breadth across finance, defence and telecommunications, and Houston has specialised in energy, space and healthcare. Each cluster is the outcome of decades of accumulated supplier

networks, specialised labour pools and knowledge, which is precisely why competing regions cannot meaningfully erode them through incentives. Underlying all three is the geography of the state itself, the one structural condition that no policy choice elsewhere can alter. Texas's central position places roughly ninety percent of the United States population within a two day trucking radius and both coasts within four hours by air. The Central Time Zone reinforces this by providing simultaneous working overlap with both coasts, granting symmetrical national reach from a single hub.

Swedish firms enter this landscape with a profile that aligns well with the criteria by which Texan counterparties evaluate prospective partners. Technical depth, a B2B orientation and the credibility conferred by Swedish provenance correspond directly to the attributes that local firms reward. Sweden's institutional footprint in the state, comprising a consulate general, an honorary consulate and three SACC chapters, exceeds that of most other foreign countries and absorbs much of the network formation cost that other entrants must bear individually. The opening of the Consulate General in 2026, only the third in the United States, signals the elevation of Texas to a strategic priority for Swedish commercial expansion. Even so, the Swedish corporate presence in the state remains uneven and visibly below what these conditions would predict.

The most striking discrepancy is in Austin. The thin Swedish presence there does not reflect a lack of fit between the city and Swedish firms, but the absence of an earlier wave of entrants whose success would have made the opportunity visible to others. Austin's depth in technology, semiconductors and software corresponds closely to the sectors in which Swedish firms are competitive, and the support structures available to early entrants are no less developed than in DFW or Houston. The window for being among the first remains open, and the absence of a queue is itself part of the opportunity.

A second and related gap concerns startups and scaleups, which have scarcely entered Texas across any of the three metros despite conditions that suit early-stage and growth firms unusually well. Capital availability, customer density, the speed of institutional decision making and the cost base relative to coastal markets all favour growing firms, yet Swedish startups and scaleups have largely directed their international ambitions elsewhere. The established Swedish presence in DFW and Houston, anchored by firms such as Ericsson has not been followed by a corresponding layer of smaller and earlier stage entrants.

These openings will not be captured by firms that adopt a passive posture. Swedish firms should approach Texas as a strategic asset seeking proposition rather than a market seeking one. A market seeking framing tends to produce low commitment presence that fails to derive real value from cluster proximity. In an environment governed by relationships, full commitment to the location must be made at the point of entry rather than deferred until conditions are tested.

Cultural adaptation operates in parallel and carries equally direct strategic implications. Scott's three pillars trace a progression from regulative compliance, through normative conformity, toward cognitive legitimacy, and a three year horizon will only carry a firm part of the way along that trajectory. The Hofstede dimensions on which Sweden and the United States diverge most sharply, namely masculinity, individualism and long-term orientation, manifest in routine business practice. Texan business culture expects visible ambition rather than understatement, decision making mediated through specific individuals rather than broadly distributed networks, and demonstrable early traction rather than patience extended over long sales cycles. The warm reception firms typically encounter on arrival is genuine, but it should not be confused with cultural alignment. The behavioural

adjustments required must be in place before entry rather than discovered through it.

Taken together, the three levels of analysis are not parallel observations but sequentially binding conditions. The macro environment determines what is available. The entry mode determines whether a firm is positioned to capture it. The cultural posture determines whether structural fit translates into a durable position in the market. Texas is structurally well suited to Swedish firms, but converting that suitability into outcome depends on choices made before entry rather than during it.

11.1 Location strategy - Swedish Firm Perspective

Sweden's institutional presence in Texas should be used actively rather than treated as a formality. The Consulates and the SACC chapters together provide an introduction architecture that is functionally available only to Swedish firms, and in a market where commercial access is gated by relationships, the value of that architecture is difficult to overstate.

The location decision itself reduces to a question of correspondence between the firm's domain and the city that has organised itself around that domain, *see table 1 & 2, the core and regional ecosystem of each city*. Firms in technology, semiconductors, software and early stage scaling are best placed in Austin, where the early mover argument is also strongest. Firms in finance, defence, telecommunications and broader corporate B2B operations are best placed in DFW, where the density of large firms and the connectivity between them generate the most leverage. Firms in energy, space and healthcare are best placed in Houston, where the specialised supplier and customer base is concentrated to a degree that has no real substitute elsewhere.

The phase of expansion the state is currently in has also shifted. The period of effectively unconstrained growth is moderating, and pressure on energy, water

and transport infrastructure is tighter than it was a decade ago. Activity is increasingly migrating toward the ring counties surrounding the major metros rather than concentrating further within their cores. For Swedish firms approaching the location decision, this means that the relevant question now extends below the metropolitan level, into the question of where within a given region the appropriate balance of access, cost and resource availability is to be found.

The location question in Texas is therefore, less a matter of selecting a city than of identifying the cluster to which the firm already belongs, and committing to it without reservation.

12 Contributions & Further studies

This chapter looks at the contributions of the thesis and what further research would most usefully extend its findings.

12.1 Contributions

The thesis mainly makes contributions in three areas: to academia, to firms considering entry into Texas and to the Swedish institutional actors operating in the state.

12.1.1 Academia

The main academic contribution is methodological. The thesis develops a three level framework that integrates six theoretical models. It moves across and integrates the business environment, firm level entry decisions and cultural adaptation into a single analysis. The framework is usable for evaluating any geographic market, in this thesis Texas serves as the demonstrating case rather than the limit of its application.

12.1.2 Firms

For firms, the thesis offers an extensive description of the Texan business landscape that has not previously been assembled in one place from a Swedish entry perspective. Material that exists in fragmented form across government statistics, industry reports and practitioner commentary is brought together into a single account. The location strategy section translates that account into practical guidance on where to enter, how to enter and what to prepare for. Two concrete openings emerge in particular, an early mover advantage in Austin, where Swedish presence does not match the fit, and an underused entry path for startups and scaleups across all three metros.

12.1.3 Institutional Actors

For the Swedish institutional actors in Texas, the thesis provides an external diagnostic of where Swedish corporate presence is uneven and which segments of the firm pipeline are thinnest. The findings on Austin and on the missing startup and scale-up layer indicate where institutional support could be directed for the greatest effect. More broadly, the thesis confirms that the institutional infrastructure currently in place is a meaningful asset, both for companies within the market and those planning to enter.

12.2 Further Studies

This thesis is qualitative and exploratory in nature, meaning its findings provide a broad analytical framework rather than precise, firm-level guidance. A natural next step would therefore be to conduct in-depth case studies of individual Swedish companies in Texas. This would not only get more precise answers about how firms navigate the entry process in practice, but also address a limitation of the current study, that companies which attempted market entry but failed are largely absent from the sample. A before-and-after comparison of companies that have moved from Sweden to Texas would be a useful starting point.

Two empirical extensions that would be interesting are, firstly, applying a similar analysis to other states working a similar pro-business approach, such as Florida and North Carolina. A direct comparative analysis would help clarify whether Texas stands out or whether the advantages identified in this thesis can be found in other regions, and if so, how they compare. Secondly, a direct comparison with New York and California would be valuable. Throughout this thesis, coastal markets are used as a reference point, but the gap is never directly measured. A study that concretely compares Texas against these markets would make the case for Texas much easier to evaluate for companies weighing their options.

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13.2 Interviews

Anna Hammarlund. Consul General at Consulate General of Sweden in Houston, (2026). (Interview 2026-03-23)

Fredrik Öström. VP Business Development & Operation at Bioservo AB & Business Owner at Ostrombrands, (2026). (Interview 2026-01-23)

Helene Honeybone. Honorary Consul at Consulate of Sweden Dallas, (2026). (Interview 2026-01-26)

Joakim Cederlund. President at SACC TX, (2026). (Interview 2026-02-05)

Linn Larsson. Vice Consul at Consulate General of Sweden in Houston, (2026). (Interview 2026-03-23)

Meelis Anton. International Business Manager at City of Plano, (2026).
(Interview 2026-02-03)

Nils Senvalds. CEO & Co-Founder at EaM.ai & CIO at Rogatio.ai, (2026).
(Interview 2026-03-30)

Patrik Melander. CEO, Co-Founder at Connect 5G & Ex-Ericsson, (2026).
(Interview 2026-01-27)

Peter Linder. Head of Thought Leadership Americas at Ericsson, (2026).
(Interview 2026-03-13)

Tomas Ageskog. Business Development & GTM Director at Netmore &
Ex-Ericsson, (2026). (Interview 2026-02-03)

14 Appendix

This appendix presents the interview guides used in the nine semi structured interviews conducted for this thesis. A shared core of thematic questions was used across most interviews, while questions specific to each interviewee's role were added where relevant.

14.1 Interview Guide

Interview Person 1

Joakim Cederlund - President at SACC TX

External conditions

- Which political or regulatory factors in Texas have the greatest impact on how companies actually operate?
- Which economic conditions in Texas do international companies most often misunderstand?
- Are there cultural or social norms in business life that foreign companies tend to underestimate?

Ecosystem and establishment

- When international companies establish themselves in Texas, which local actors are most important to get in contact with early on?
- What distinguishes companies that quickly integrate into the local ecosystem from those that struggle?
- Are there informal networks or "entry points" that foreign companies often miss?

Clusters, competence and geography

- How important is geographic proximity to competence, customers or partners in Dallas/Texas?

- Are there specific competencies or industry advantages that arise through local clusters?
- When do clusters become a strength - and when can they become a limitation?

Resources and capabilities (company perspective)

- Which resources or capabilities are companies primarily seeking when they establish themselves in Texas?
- Which resources are relatively easy to access - and which remain difficult?
- How do companies build long term capabilities locally rather than relying on headquarters?

Institutional adaptation

- What does it mean in practice to be perceived as legitimate and established in Texas?
- Are there unwritten rules in Texas business culture that international companies learn too late?
- Where do tensions most often arise between global corporate routines and local expectations?

Swedish companies in Texas

- What strengths do you perceive Swedish companies often have in Texas?
- Where do you see Swedish companies most often encountering challenges?
- What advice would you give to Swedish companies considering establishing themselves in Texas?

Interview Person 2

Meelis Anton - International Business Manager at City of Plano

Plano and the Dallas-Fort Worth region

- How exactly does it work when a company wants to establish itself in Plano? What help is available?
- How would you describe Plano's position within the Dallas-Fort Worth regional business ecosystem, and what differentiates the city from neighboring locations?
- What factors do you see as most influential when international companies consider establishing operations in Plano, and how have these factors evolved over time?
- What are Plano's and the broader Dallas area's strengths and weaknesses?

Establishment support and ecosystem

- How does the City of Plano work to reduce uncertainty and entry barriers for foreign firms unfamiliar with the U.S. business and regulatory environment?
- What role do local networks, clusters, and collaboration between public and private actors play in Plano's ability to attract and retain companies?
- What does a Swedish company need to do in order to establish itself, and what step by step help can the City of Plano provide?

International vs. domestic firms

- Do you observe differences in expectations or needs between European (including Swedish) firms and U.S. based firms when they establish in Plano? If so, what are the main differences?

Strategy, competition and post entry

- How does the city balance short term competition for attracting firms with long term economic development objectives, for example through incentives or strategic planning?
- Which industries or types of firms does Plano view as strategically important for its future development, and why?
- In what situations is Plano a particularly strong first choice location for international firms, and when might other parts of Texas or the U.S. be more suitable?
- What are the most common challenges firms face after establishing in Plano, and how does the city support companies in the post entry phase?

Future outlook

- What trends do you see in Texas, and do you think they will continue?
- What is your future outlook on Texas - what has made it so successful?
- Are only specific industries strong in Texas, or does this apply broadly?
- Will Texas overtake California in the future?

Interview Persons 3 & 4

Anna Hammarlund & Linn Larsson - Consul General and Vice Consul at the Consulate General of Sweden in Houston.

Role of the Consulate

- What concrete advantages do you see in having a Consulate General in Texas? And do you consider Houston to be a better location than Austin or Dallas?
- How do you view the role of the Consulate General as a door opener for Swedish companies in relation to local authorities and large

American corporations in Texas? Are there doors that only diplomatic presence can open?

Texas as a business environment

- Beyond the well known economic incentives such as taxes, which soft factors or ecosystem advantages do you see as Texas's main trump cards compared to other states?

Regional priorities and sector focus

- We have noted a relatively low presence of Swedish companies in Austin's tech cluster compared to expectations. What potential do you see for increased Swedish presence there, and what is required to "sell" Austin over California or New York to Swedish tech entrepreneurs?
- Given Houston's dominance in energy and life sciences, how do you work to connect Swedish innovation companies with the massive ecosystems here (e.g., the Texas Medical Center)?
- Are there specific industries where you would like to see a higher presence of Swedish companies in Texas? And if so, how do you plan to increase that presence?

Cultural perceptions and barriers

- What are the most common 'cultural clashes' or misconceptions Swedish companies have about the Texas business climate that you help them navigate?
- Many Swedes are currently critical of the US, and Texas in particular. How do you work around this when promoting the region?

Establishment and pitfalls

- What is the key to establishing oneself in Texas as a Swedish company, and what are the most common pitfalls?

Interview Person 5

Fredrik Öström - VP Business Development & Operation at Bioservo AB and Business Owner at Ostrombrands.

External conditions

- Which political or regulatory factors in Texas have the greatest impact on how companies actually operate?
- Which economic conditions in Texas do international companies most often misunderstand?
- Are there cultural or social norms in business life that foreign companies tend to underestimate?

Ecosystem and establishment

- When international companies establish themselves in Texas, which local actors are most important to get in contact with early on?
- What distinguishes companies that quickly integrate into the local ecosystem from those that struggle?
- Are there informal networks or "entry points" that foreign companies often miss?

Clusters, competence and geography

- How important is geographic proximity to competence, customers or partners in Dallas/Texas?
- Are there specific competencies or industry advantages that arise through local clusters?

- When do clusters become a strength - and when can they become a limitation?

Resources and capabilities (company perspective)

- Which resources or capabilities are companies primarily seeking when they establish themselves in Texas?
- Which resources are relatively easy to access - and which remain difficult?
- How do companies build long term capabilities locally rather than relying on headquarters?

Institutional adaptation

- What does it mean in practice to be perceived as legitimate and established in Texas?
- Are there unwritten rules in Texas business culture that international companies learn too late?
- Where do tensions most often arise between global corporate routines and local expectations?

Swedish companies in Texas

- What strengths do you perceive Swedish companies often have in Texas?
- Where do you see Swedish companies most often encountering challenges?
- What advice would you give to Swedish companies considering establishing themselves in Texas?

Interview Person 6

Helene Honeybone - Honorary Consul at the Consulate of Sweden Dallas.

External conditions

- Which political or regulatory factors in Texas have the greatest impact on how companies actually operate?
- Which economic conditions in Texas do international companies most often misunderstand?
- Are there cultural or social norms in business life that foreign companies tend to underestimate?

Ecosystem and establishment

- When international companies establish themselves in Texas, which local actors are most important to get in contact with early on?
- What distinguishes companies that quickly integrate into the local ecosystem from those that struggle?
- Are there informal networks or "entry points" that foreign companies often miss?

Clusters, competence and geography

- How important is geographic proximity to competence, customers or partners in Dallas/Texas?
- What clusters do you see in Texas, and how are they organized?
- Are there specific competencies or industry advantages that arise through local clusters?
- When do clusters become a strength - and when can they become a limitation?

Resources and capabilities (company perspective)

- Which resources or capabilities are companies primarily seeking when they establish themselves in Texas?

- Which resources are relatively easy to access - and which remain difficult?
- How do companies build long term capabilities locally rather than relying on headquarters?

Institutional adaptation

- What does it mean in practice to be perceived as legitimate and established in Texas?
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Swedish companies in Texas

- What strengths do you perceive Swedish companies often have in Texas?
- Where do you see Swedish companies most often encountering challenges?
- What advice would you give to Swedish companies considering establishing themselves in Texas?

Drawbacks of Texas

- Swedish companies often wonder about the impact of the political situation on daily work - how do you see this affecting business?
- How relevant are issues such as security and abortion legislation for Swedish companies operating in Texas?

Interview Person 7

Nils Senvalds - CEO & Co Founder at EaM.ai and CIO at Rogatio.ai.

The Texas ecosystem (beyond tax)

- How do you experience the ecosystem for starting and running companies in Texas, beyond the well known advantages such as low taxes?

Texas vs. coastal tech hubs

- We saw that you worked in San Francisco - how does the tech environment there differ from Texas, and what are the biggest differences?
- What is missing in Texas that exists in the coastal hubs today, or do you consider the tech ecosystems to be equivalent?
- Do you think Texas can match Silicon Valley and New York in terms of attracting newly started companies?
- Is there anything truly unique about Texas in terms of its ecosystem?
- Do you experience that there is a culture of helping each other among founders in Texas?

Dallas vs. Austin

- Austin is considered by many to be Texas's hub for startups and tech - do you experience that you in Dallas can access that ecosystem without friction, or are there advantages to being located outside it?

Future of Texas

- What is your view on the future of Texas, particularly regarding AI infrastructure and the electricity grid?

Interview Person 8

Patrik Melander - CEO and Co-Founder at Connect 5G, ex Ericsson, and President of SACC North Texas.

Texas's business landscape and its development

- How would you describe Texas's business landscape today in relation to the rest of the US, and how has it changed during your time as President of SACC? What clear trends do you see?
- Based on the trends you see through SACC's work: what does this mean for Swedish companies considering establishing themselves in Texas in the next five to ten years?

Texas as a strategic choice within the US

- If you compare Swedish companies' US strategies in general, in which cases do you consider Texas a strategically better first choice than other states - and when is it not?
- You have worked and run businesses in several international markets - how does Texas differ from other places in terms of how business is done, both inside and outside the US?

Running a business in Texas

- Based on your own experience as an entrepreneur, what do you experience as the biggest practical differences in running a business in Texas compared to other US states? Are these differences primarily regulatory, cultural, or market driven?
- What are, in your view, the biggest advantages of running a business in Texas - and are there also clear disadvantages that are often underestimated?

Tech, innovation and scaling

- Based on your background in telecom and tech: what advantages and limitations do you see in Texas when it comes to building and scaling

technology intensive companies compared to more established tech hubs in the US?

Institutional and cultural blind spots

- What informal norms or "unwritten rules" do you experience that Swedish companies most often underestimate when they begin operating in Texas, even though they formally do many things right?

Patterns and lessons

- In your role as President of SACC North Texas, what recurring challenges do you see among Swedish companies that establish themselves in Texas and what patterns characterize those that succeed best?

Interview Person 9

Peter Linder - Head of Thought Leadership Americas at Ericsson.

Texas as a business environment

- What advantages do you see in being located in Texas, setting aside low taxes and good cost of living?

The telecom cluster and Ericsson

- What does Ericsson gain from being located in the telecom cluster?
- What help did Ericsson receive when establishing itself in Texas, and what support does Ericsson receive from the state today?

The Swedish Consulate General

- Sweden has recently opened a Consulate General in Texas - is this something you see advantages with, or that in any way helps your operations?

Networks and local presence

- How important are local networks and physical presence for succeeding in the US market, particularly in Texas?
- What role do Swedish business networks such as the Swedish American Chambers of Commerce play in supporting Swedish companies in Texas?

Interview Person 10

Tomas Ageskog - Business Development & GTM Director at Netmore, ex Ericsson.

Motivation for establishing in Texas

- What did Ericsson gain from being located here?
- Why did Netmore want to start operations here?

Establishment process and challenges

- How did they go about establishing themselves?
- What are the most common mistakes that international companies make when entering Texas?

Business culture and market dynamics

- How would you describe the business culture in Texas - is it primarily business driven, relationship driven, or both?

Opportunities for Swedish companies

- What opportunities do you see for Swedish companies in Texas?

Future outlook

- What is your future outlook on Texas - what has made it so successful?
- Are only specific industries strong in Texas, or does this apply broadly?
- Will Texas overtake California in the future?