Everything's Bigger in Texas, Even the Opportunities: How Swedish Firms Can Navigate the Texan Business Landscape

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This article is based on a master's thesis conducted at Lund University during the spring of 2026. Through a study of the Texan business landscape, it examines the strategic advantages and explores how Swedish companies can understand, navigate and leverage those advantages to enter and expand in the state.

Introduction and Background

For decades, the geography of American business followed a familiar pattern. Innovation was concentrated in Silicon Valley, finance in New York, and much of the rest of the country supplied talent, capital, and customers to these coastal hubs. While this picture was always a simplification the gravitational pull of the coasts shaped how firms thought about location decisions. That balance has begun to shift. Rising operating costs, evolving regulatory environments, and post-pandemic changes in how and where work is done have prompted firms to reconsider their geographic footprint, and a growing share of corporate relocations now move inland.

No state has captured this shift more clearly than Texas. Since 2015, more than 300 corporate headquarters have moved into the state, among them Tesla, Oracle and Hewlett Packard Enterprise. Texas is today the eighth-largest economy in the world, the leading U.S. destination for foreign direct investment, and home to more than 50 Fortune 500 headquarters. Economic activity is concentrated in the Texas Triangle, the megaregion anchored by Austin, Dallas-Fort Worth, Houston and San Antonio.

Figure 1: The Texas Triangle

Sweden has noticed. In 2026 the country opened a Consulate General in Texas, only its third in the United States alongside New York and San Francisco. The state also holds an Honorary Consulate and the Swedish-American Chamber of Commerce maintains three chapters across the state. Despite this diplomatic and commercial prioritisation, Swedish corporate presence in Texas remains smaller than the strategic importance of the market would suggest. This article presents the insights of a thesis that set out to map what the Texan business landscape actually offers, and how Swedish firms can convert that understanding into successful market entry.

Purpose

The purpose of the study was to describe and analyse the strategic advantages of the Texan business landscape, and to examine how Swedish firms can understand, navigate and leverage those advantages for successful market entry and expansion. The work was carried out with a dual ambition: to contribute to academic understanding of sub-national market entry, and to offer concrete strategic recommendations to Swedish firms and stakeholders considering the state.

Methodology

The research followed an abductive approach, moving iteratively between empirical observation and theory rather than fixing the framework in advance and applying it mechanically.

Two kinds of material were combined. Secondary data was gathered across the full range of PESTEL dimensions, ecosystem characteristics and cluster dynamics. All drawing on government statistics, industry reports, regulatory publications and academic research, with sources from 2023 onwards prioritised given the pace of change in the state. Primary data came from eleven semi-structured interviews conducted during a field visit to Dallas in the spring of 2026. Interviewees were selected in consultation with the Honorary Consul of Sweden in Dallas and spanned the full landscape of relevant actors, from the Consul General and the President of SACC Texas, through executives and entrepreneurs already operating in the state.

Theoretical Framework

The study relied on a multi-level framework connecting structural conditions, regional dynamics, firm-level strategy and institutional integration. The framework reflects the dual purpose of the work: to examine the Texan landscape, and to examine how Swedish firms can embed themselves within it.

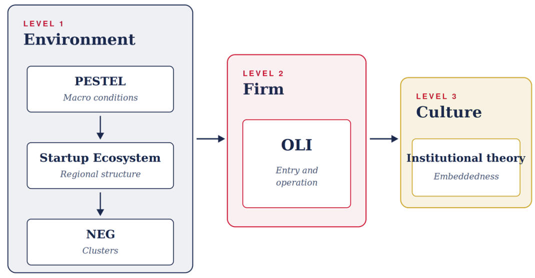

Figure 2: The theoretical framework

The analysis begins with the business environment, examined top-down across three geographic levels. PESTEL maps the broadest layer: the political, economic, social, technological, environmental and legal conditions that define Texas as a location. The Startup Ecosystem model then zooms to the regional level, mapping the actors and support structures surrounding firms in Austin, Dallas-Fort Worth and Houston. New Economic Geography narrows the focus further, explaining why activity concentrates in particular nodes through agglomeration dynamics, increasing returns, and the interplay of centripetal and centrifugal forces. The analysis then shifts to the firm: the OLI paradigm, examines whether and how Swedish firms can translate these advantages into a concrete case for entry, through ownership, location and internalisation advantages. Finally, institutional theory analyses how firms embed their operations into the Texan context, examining how the regulative, normative and cognitive pillars of business culture shape legitimacy and lasting competitive position.

Conclusion

The analysis confirms that Texas offers one of the most business-friendly environments in the world, but each of its headline advantages rests on underlying conditions that incoming firms must understand rather than take at face value.

At the *macro level*, 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 difficult to match in any comparable market. The state backs this positioning with targeted instruments, the Texas Enterprise Fund, a specialised Business Court system, and the state-controlled ERCOT grid that lets Texas expand energy infrastructure faster than federally regulated alternatives. These advantages, however, come with clear trade-offs. Grid independence exchanges federal buffers for speed, labour flexibility depends on continuous population growth, and the rapid expansion of energy-intensive industry faces genuine environmental and water constraints over the longer term.

At the regional level, Austin, Dallas-Fort Worth and Houston have developed distinct ecosystem models that reinforce rather than compete with one another. Austin is a depth model, the highest per-capita funding, startup density and unicorn count in the Triangle, anchored by research-intensive institutions and a concentrated technology cluster. Dallas-Fort Worth is a breadth model, leading in total funding volume, with telecommunications, finance, defense and a fast-expanding data-centre footprint spread across a wide corporate base. Houston is a deliberate specialisation in energy, healthcare and aerospace. Sectors with longer development cycles and larger deal sizes than conventional startup metrics capture. These clusters are sticky: a competing region will find it hard to replicate their outcome by matching today's conditions, because the outcome is the product of decades of compounding returns, supplier networks, talent pools and institutional knowledge that no incentive package can manufacture from scratch.

Geography underpins all of this as the one advantage that cannot be legislated away. Texas' central location places roughly 90% of the U.S. population within a 48-hour trucking radius, along with symmetrical coastal access in under four hours. The Port of Houston ranked first among U.S. ports for foreign waterborne tonnage in 2024, and Laredo is the busiest inland port in the country. Combined with direct border access and a population that is roughly 40% Hispanic or Latino, Texas operates as a Latin American gateway in a way inland competitors cannot replicate.

Underneath these structural advantages runs a less measurable but equally decisive finding: Texas is a highly relationship-driven market. Business is often transacted through personal trust, in-person introductions and demonstrated reliability. An unfamiliar firm without a credible local sponsor faces frictions no policy advantage can offset. This relational layer sits on top of every other Texan advantage and, in practice, decides who can use them.

At the *firm level*, Swedish companies enter Texas with a structurally well-suited profile for exactly this kind of market. R&D intensity, technical depth and a B2B orientation match the customer base of the major clusters. The Swedish country-of-origin functions as a credibility asset; Texan partners describe Swedish firms as "old school" in keeping their word, a quality that resonates strongly in a relationship-driven environment. Just as importantly, Sweden's institutional infrastructure in Texas is unusually strong for a small country: the dual consular presence and three SACC chapters offer introductions, networks and local credibility that other foreign entrants must build alone. Treated as an active asset, it can compress years of relationship-building; treated as bureaucratic paperwork, it leaves its main value on the table.

Against this backdrop, two opportunities stand out. The first is Austin: its thin Swedish footprint reflects not a lack of fit but the absence of a predecessor base. Its technology focus aligns closely with Swedish strengths in software, AI, and deep tech. The second opportunity cuts across all three metros, the near-absence of Swedish startups and scaleups, despite capital availability, customer density and institutional decision speed that strongly favour early-stage and growth-stage firms. In both cases, the window for being early remains open.

Importantly, the thesis concludes that Swedish firms should approach Texas as *strategic asset-seeking* rather than *market-seeking* investment. A market-seeking framing leads toward cautious, low-commitment presence and leaves the value of cluster proximity, ecosystem embedding and the relationship layer unrealised. In a relationship-driven market, internalisation is an entry condition, not a later optimisation. Cultural adaptation runs in parallel: firms must lead with visible ambition rather than rely on technical depth alone, and demonstrate early traction in a market where a slow start reads as a lack of momentum rather than strategic patience.

Concluding Remarks

Texas is moving from hypergrowth into a more constrained expansion phase, and the timing, location and operational assumptions behind an entry decision now matter more than they did a decade ago. Yet the structural conditions that favour the state remain intact, and are not advantages a rival region can assemble quickly.

For Swedish firms, the implication is clear. Texas offers a strategically distinctive opportunity, and capturing it depends on entering with the commitment, ambition and cultural adaptation that a relationship-driven market rewards, and on moving on the two openings, Austin and the early-stage segment, while the early-mover window is still open.

Contribution

Beyond its practical recommendations, the study makes one key academic contribution: the integrated multi-level framework itself. By connecting PESTEL, the Startup Ecosystem model, New Economic Geography, the OLI paradigm, and institutional theory into a single top-down progression, the thesis offers a transferable tool for analysing entry into any sub-national market, not only Texas.

Our hope is that this thesis will shed light on Texas from a Swedish perspective and serve as a guideline for firms looking to make an entry, firms already established in the market, and Swedish institutional actors seeking to assist corporations. By offering insights into both the opportunities and challenges involved, we aim to support more informed strategic decisions on both sides.