

# Culture and Organising of Entrepreneurship, Innovation and Development in Lillehammer and Gudbrandsdalen

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## Abstract

This master thesis is a research on Lillehammer and Gudbrandsdalen's organisation and cultural context of entrepreneurship, innovation and development. It investigates five municipalities of Lillehammer, North-Fron, Lom, Sel and Dovre. It will highlight the challenges the municipalities face in facilitating entrepreneurship to a local community where entrepreneurship is still new, and have a long history of local mentality that keeps a hold on development and engagement within the region. The mayors and heads of economical development have all acknowledged the need for entrepreneurship to be able to create labour, increase inhabitants and achieve a better economical growth. Facilitating and creating a cultural environment for entrepreneurship requires knowledge and learning, it is the most fundamental resource that can increase the innovations activity and achieve economical growth. The public sector needs to continuously develop knowledge and learning for them selves and also to the local community to make them more aware of the possibilities and opportunities that entrepreneurship can bring. This thesis is researched through a qualitative study of semi-structured interviews with five mayors and five heads of economical development from the municipalities in Lillehammer and Gudbrandsdalen mentioned above.

### **The research questions to my masters thesis is:**

*How should the municipalities facilitate their resources to engage the local community in entrepreneurship and innovation?*

*Do Lillehammer and Gudbrandsdalen have a sustainable entrepreneurial culture?*

*How can the municipalities increase the entrepreneurial knowledge flow, learning and development within the region?*

### **The main findings are:**

- The municipalities are not proactive enough when it comes to managing innovation strategies, which makes the processes unstable, harder to map and learn from.
- There are still fragments of the *law of Jante* within the region, which makes it difficult for the local community and the public sector to engage in entrepreneurship and innovation.
- The municipalities do not have a strategy for knowledge development, which creates uncertainty and decreased innovation activity.

## Preface

This master thesis is my final research of my master study in entrepreneurship, innovation and society at Norwegian university of science and technology (NTNU). The theme and the research questions were processed with help from my supervisor and the project manager of Lillehammer and Gudbrandsdalen Kunnskapsark. It is processed with relevance to my master's study in entrepreneurship, innovation and society and is done by using syllabuses from the study together with other relevant literatures and articles for inspiration and wider aspects.

The study of entrepreneurship and innovation has always been a study field that I am very interested in and which I have spent my college years to study starting from my bachelor degree in innovation and entrepreneurship at University of Telemark, Bø. Lillehammer is a region under development and changes and is my birthplace, which made it more interesting to research more about and especially regarding entrepreneurship.

I would like to thank all of my informants for great cooperation, which are the mayors and heads of economic development of Lillehammer, Dovre, North-Fron, Lom and Sel for the time they spent for my interviews and providing me information for the research. It has been many good discussions and interesting dialogues that made this research even more interesting and it was great to have learned more about Lillehammer and Gudbrandsdalen.

Also a thanks to Trude Emaus and Ole Smidesang for replying to my request and helping me with the process of developing themes, providing interesting articles and giving me access to informants. That have helped me a lot for my research and I appreciate it.

Last and not least, I would like to give a big thanks to my supervisor Gjermund Wollan who has provided me with great guidance, motivation and tips for my research and master thesis.

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## 1.0 Introduction

This chapter describes what this master thesis is about and my background for choosing the theme and subjects. It will also describe why I chose Lillehammer and Gudbrandsdalen, my theme process and research questions.

### 1.1 Background for this Thesis

I started my master education autumn 2014 with the subject Entrepreneurship, Innovation and Society at Norwegian University of Science and Technology after finishing my bachelor degree spring 2013 in Innovation and Entrepreneurship at Telemark University College, department Bø. My bachelor degree taught me the practical part of being an entrepreneur, which gave me a better understanding and knowledge about economy, marketing and the process of a start-up business. It was a subject that I was very interested in, therefore I decided to explore it even further on the society perspective of entrepreneurship, innovation and development.

My first master year of entrepreneurship, innovation and society was focused on the basic of doing a research such as theories of entrepreneurship and research methods, planning, contacting start-ups and organisations and interviewing them. The subject of these practises was entrepreneurship, innovation and development, which also was the subject of my first master thesis that I had started on.

I started on my master thesis autumn 2015 with the theme *entrepreneurship, innovation and regional development*. The purpose of this theme was to find out how innovation occurs in businesses, how they develop their production processes and how they collaborates within their network. I worked through whole autumn with this theme until I found out that it was too broad for my capability to finish within my timeframe for this master thesis. Instead of focusing on the private sector businesses for my theme, I then decided to narrow my thesis down to the public sector to find out how they facilitate innovation and entrepreneurship within their regional environment. I wanted to know how the municipalities facilitates and utilises their resources and about their entrepreneurial culture in the region.

After finding out the new path for my thesis, I then made contact early January 2016 with Trude Emaus, the managing director of Lillehammer and Gudbrandsdal

Kunnskapspark AS (LGKP). I sent a proposal to her about my master thesis and offered myself to help them out with any project that they were working on with the subject entrepreneurship. I got a respond from the project leader Ole Smidesang of LGKP after a few days, he said that they were interested in me and wanted to meet for a discussion about a potential task to work on. We had the meeting on January the 17<sup>th</sup> where both Ole Smidesang and Trude Emaus were present, then they handed me an article by Daniel Isenberg called “ *How to start an entrepreneurial evolution*” (Isenberg, 2010). In short, it was an article about factors and elements that is needed in order for a government or a region to achieve a successful entrepreneurial economic system and growth. Ole and Trude wanted me to do a research to see if the elements that are needed in the article corresponds with how Lillehammer and Gudbrandsdalen stands today. I accepted this task as I found it interesting myself and then the meeting became the foundation of my master thesis theme, which I will go more into depth on part 1.4.

## **1.2 Lillehammer and Gudbrandsdal as my Research Field**

The reason I contacted Lillehammer and Gudbrandsdal Kunnskapspark AS is because of Lillehammer, it's the city where I was born and grew up in. It is a city that I feel connected to and the place where I have my family and friends. I have been a part of the regions public and private systems throughout my childhood and adolescence, but never have I thought about how the system actually worked or how important entrepreneurship and development was for employment and settlement. However, through my bachelor degree in Innovation and Entrepreneurship and my current master study Entrepreneurship, Innovation and Society, I have achieved new knowledge and can now see how interesting it is and how important it can be for the city.

As much as it is important to see the development in Lillehammer, it is also important to see their connection with Gudbrandsdalen. There are a lot of collaborations, networks, similar cultures and development that happens between Lillehammer and Gudbrandsdalen and thus why my research will be based on them both.

Gudbrandsdalen consists of twelve municipalities divided into three regions;

South- Gudbrandsdalen: which consists of the municipalities Lillehammer, Gausdal and Øyer.



Middle- Gudbrandsdalen: which consists of the municipalities North-Fron, South-Fron and Ringebu.

North- Gudbrandsdalen: Consists of the municipalities Skjåk, Lom, Vågå, Sel, Dovre and Lesja.

The municipalities within each region have a close relation to each other and collaborate to achieve a better growth. By approaching these municipalities and regions, I will then get the opportunity to get new knowledge and understand the entrepreneurial culture, organisation and development perspective of Lillehammer and Gudbrandsdalen.

### **1.3 Lillehammer and Gudbrandsdal Kunnskapspark AS**

I am connecting myself towards Lillehammer and Gudbrandsdal Kunnskapspark in order to start my research process. I see them as a valuable actor for my research in regard to knowledge, source of information and access to informants. Lillehammer and Gudbrandsdal Kunnskapspark have many experienced employees within innovation, entrepreneurship and development, which will be much of help for my research.

### **1.4 Reason for my Choice of Theme and Research Question**

The main theme for my master thesis is *Culture and organising of entrepreneurship, innovation and development in Lillehammer and Gudbrandsdalen*.

An interesting aspect of the municipalities in Gudbrandsdalen is to see how entrepreneurship is facilitated and how much the public sector utilizes their resources for development and growth within the region. Also, whether the local community can accept changes in their traditional culture when it comes to entrepreneurship and taking risks. There are many important factors and elements that can increase the engagement of the local community, but even political leaders are challenged with these elements. Facilitation may require more resources than they have access to as they don't have enough capital, limitations in the local and regional market and tradition that makes it hard to integrate entrepreneurial culture, education and learning. This is the first part of my thesis that I will do my research on.

The second part of my thesis will be about how the municipality are organised when it comes to entrepreneurial initiatives, network, collaboration, education, knowledge and learning. Entrepreneurship and innovation have to be stimulated in order for a region to achieve a competitive advantage for economical growth. Karlsen (2013) explain that in order to stimulate innovation, the public sector have a policy maker role that means to shape the frameworks for industries and businesses. These frameworks include regulations and taxes, instruments for innovation and establishing actors with expertise in entrepreneurship, innovation and development. There are three different roles that the public sector can be divided in; the first role is to give support with economical instruments, which includes Innovation Norway, municipalities, research fund and Norwegian research council. The second role is to increase knowledge transfer and development within the education- and research system, therefore universities, communities and industries must collaborate to share knowledge between each other. The third role is when the public sector becomes a customer by purchasing products and services from the private sector.

These parts will give me a bigger understanding of my theme, I will be able to go in depth on how entrepreneurship and innovation are facilitated and organised in Lillehammer and Gudbrandsdalen. Therefore, I have made some research questions that will correspond to my master thesis theme;

Do Lillehammer and Gudbrandsdalen have a sustainable entrepreneurial culture?

How should the municipalities facilitate their resources to engage the local community in entrepreneurship and innovation?

How can the municipalities increase the entrepreneurial knowledge flow, learning and development within the region?

## 2.0 Theory

This chapter contains literatures and articles that i will use in my analysis to highlight my research towards empirical data. It contains themes and subjects of entrepreneurship, innovation, culture, network and knowledge, which will make my research more reliable.

### 2.1 Entrepreneurship

The word “entrepreneur” comes from the French word “entreprendre” and means, “to do something” and it was used during the middle age where the meaning was “a person who is active and get things done”(Hoselitz, 1951). Entrepreneurship has throughout the time been studied in many different perspectives such as the psychological, sociological and the economical. The most known person in the history of entrepreneurship is Joseph Schumpeter, his theories was an attempt to develop new types of economical theories (Swedberg, 2000). Schumpeter pointed out that the economical process went automatically, but the entrepreneur it self thinks very carefully of their own actions because what they do is relatively new. Other economists believed in a system where the economy changes through impulses from external environment such as discoveries, population increase and inventions. Schumpeter believed that changes in the economy start from the entrepreneur it self and changes goes through the economical system called “business cycle”. Mitra (2012) explain Schumpeter’s theory as discontinuity through changes in technology, organisation and resources associated with innovation is the reason that there are cycle variations. Changes are the base for the economical growth and its success, but as much as there is success, there are also downtimes in the cycle. The downtimes are a normal part of the business cycle that forces businesses to reorganise their production processes where they can learn from their failures, create new products, services and methods to replace the old. The replacement of old product for something new and better is as Schumpeter calls the “creative destruction” process. Individuals who starts this process are the entrepreneurs, they are individuals with a personality that open possibilities and driven by the interests of developing and getting things done (Schumpeter, 1934).

### 2.1.1 Entrepreneur and Entrepreneurship

The term entrepreneurship in economical context can be quite broad, it can then be divided into two parts to get a better understanding. Spilling (2006) describes the first part as the person or actor that conduct the activities, the second is the function of entrepreneurship.

Entrepreneur: are persons or actors that initiates with organising and developing a business, an entrepreneur is not necessary a person alone but also a company. The term is mostly about the personal characters of an entrepreneur, it is as often persons that have through their character and personality developed a successful business. Entrepreneur is not a word that is often used in rural places in Norway, which describes a person who develops something new and creating innovation, they rather use the word “gründer”.

Entrepreneurship: this term describes the process in developing a new business from an idea to commercialisation. The process from an idea to commercialisation is conducted through either linear innovations process from research to commercialisation or from the interactive innovations process, which is from idea to close relation and collaboration with other actors and then out to commercialise and make further development. I will go further into these processes on point 2.2.2.

## 2.2 Innovation in a Norwegian Context

Innovation is a term as central as entrepreneurship, it is a term that describes development within industries, politics and planning (Borch and Førde, 2010). In order for industries in the community to develop, an underlining of necessity to lead a political and public measure to stimulate innovation and create an entrepreneurial engagement in the local community has to be done. Innovation in the local community has been discussed in the newer times in order to increase development in industries, culture, tourism and social organisations. Innovation and development is especially important in small regions to make it more attractive, create new labour, strengthen culture- and social milieus in the community and get full advantage of local resources.

In order to understand innovation even further, Schumpeter (1934) defined it as “New combinations of existing resources”, he divided innovation into five forms such as;

- 1) Introduction of a new product or new quality of a product, which the consumer is not yet known with.
- 2) Develop a new production method that is still not tested or experienced in a relevant industry, it is not necessary a new invention but also a new way of commercially delivering products and services.
- 3) Open a whole new market that still does not exist by finding a niche market.
- 4) Utilisation of new commodities or semi finished products.
- 5) Development of a new organisation within a relevant industry by breaking through a monopole position or create a new.

It is also important to know the difference between innovation and an invention, invention is to develop a new idea and innovation is when the idea of a product, technology, service or method is realised and introduced to the market (Fagerberg, 2005). Abelsen et.al (2013) mention that newer literatures has shown that innovation is developed when actors with different knowledge collaborates. Businesses who involve their activities in collaboration with suppliers of components, products and services gets the opportunity of achieving new knowledge and innovation activity. As the industry always are under development, the production processes and market can then be more advanced and in order to keep up, businesses have to use external resource and gather new knowledge to comprehend increasing complexity.

### **2.2.1 Innovations Systems**

Innovation systems can be defined as all factors that affects development, spreading and use of innovation, also the core consisting of businesses organisation of innovation activities, interactions and knowledge activities that develops and spreads new knowledge. As a part of an environment around innovations systems, the institutional infrastructure is then covered. Institutions can be understood as common rules, norms and established practises that regulate and can have a stimulating or disabled effect on the collaboration and interaction between actors in an innovation system. An important political term in innovation systems is system weaknesses, it relieves market weaknesses that shape the politics. Businesses can freely make use of knowledge from other businesses, this may weaken the knowledge development

within the businesses and that is why there has been more support towards research and development activities and patent laws for businesses to protect actors that invests on knowledge development. System weaknesses can be seen as when few businesses that invests in knowledge development within the innovation system, it can be because of low education capacity or research institutes in the area.

Innovation in Norwegian industries are mostly connected towards supplier-customer relations and knowledge where the innovation activities are highlighted by international theories (Sæther et.al., 2008). Innovations and knowledge flow is done through the DUI model; doing, using and interaction, changes in products and processes is developed step by step through daily collaboration activities between actors, customers and suppliers.

### **2.2.2 The Innovation Models of the Regional Innovations System**

The approach towards innovation in the regional innovations system is understood as the transaction of understanding innovation from the linear to the interactive model. The linear model is based on ideas, science and knowledge flow that goes through a line in public and private organisations. The interactive model shows the interactive and natural relations to innovation between institutions where a process is done in close collaboration and with stepwise development (Pike, Rodriguez-Pose & Tomaney, 2006). These two innovation models in the regional innovations system describe how to approach innovation and strengthen competitiveness within the public and private organisations. It shows how the innovation activities are done and through that see how it is performed and the potential in the development.

### **2.2.3 Linear Innovations Model**

The linear innovations model is based on that ideas and concepts of new innovations are created through science, research and development where new technology, products and equipment are developed then commercialised and used in the market and industries. It is based on that knowledge is shared linear, that means that it only goes one way from university or research institutes towards industries (Karlsen, 2008). Innovation is through the market divided into two categories; “technology-push” and “demand-pull”, whereas the first is when a product or service is introduced to the market through research and creating a need, the second is when products and services comes from customers demands and needs. Those demands and needs set

various claims that steer new product- and service development. It depends on which type of innovation that is used and the type of market and how it stands for a certain product, concept or process (Wallevik, Aas & Hjemdahl, 2013).

The linear sight on innovation is based on the STI model, which stands for science, technology and innovation (Isaksen, 2013; Jensen et.al., 2007). It is as explained, businesses that create innovations from knowledgeable research and development. The codified knowledge is exchanged between institutions that work together on different projects. They are in a cognitive closeness where the members share the same knowledge, norms and a set of informal rules. Isaksen (2013) explain that STI- businesses consists of small spin-off research intensive businesses that is in product and technology areas where research activities is required in order to be competitive. Also, the innovations activity is like a “relay”, where the businesses research and development department goes through a run in one direction forward from research, documentation, prototype development, testing, industrialising and towards the end, market introduction.

#### **2.2.4 Interactive Innovations Model**

The interactive innovation model came later as a partly critic towards the linear innovations model, it is based on contact or interaction between institution researchers and industries that works in a close collaboration for innovation and development (Karlsen, 2008). The innovation happens through tacit knowledge where the institutions and business collaborate, share experiences and work face to face. This method secures that knowledge will not be easily accessible for others and they will have a competitive advantage. Researchers and businesses has to have a certain relation with each other, which often takes time and it includes each others profession, knowledge, experience and representation. The innovations process does not follow a certain line from research to the market like the linear model event though the interactive creates innovation by many actors collaborate close to each other. The interactive model innovates using the DUI- model, which is doing, using and interacting. It consists of stepwise changes in the product and processes activity from researcher and businesses experience and competence, also in collaboration with customers and suppliers. The innovation process is done through tasks from customers by customising and developing existing solutions through testing and failing, the projects usually get small improvements ideas from engineers (Isaksen, 2013).

## 2.3 Entrepreneurship Economical System

The economical system of entrepreneurship has been emphasized in the later years as to find out what it takes for a region to create an “ideal” entrepreneurship environment. New establishments are getting formed after localised environments where the local community, entrepreneurs and the public sectors take good care and maintain the entrepreneurial culture. The public sectors facilitate guide- and first line services for individuals, start-ups and entrepreneurs through finance, counseling and networking. A local community that understands the importance of the entrepreneurial culture increases the tolerance for failures, which makes it easier for entrepreneurs to take risks. In Isenberg’s (2011) article “The Entrepreneurship Ecosystem Strategy as a New Paradigm for Economic Policy: Principles for Cultivating Entrepreneurship”, him and other professors have developed a diagram that describes important elements for a self-sustaining entrepreneurial economic system. There are many elements that have to be regarded, but the diagram points out six fundamental elements where each have several sub elements that support the fundamental elements in order to create a successful environment.

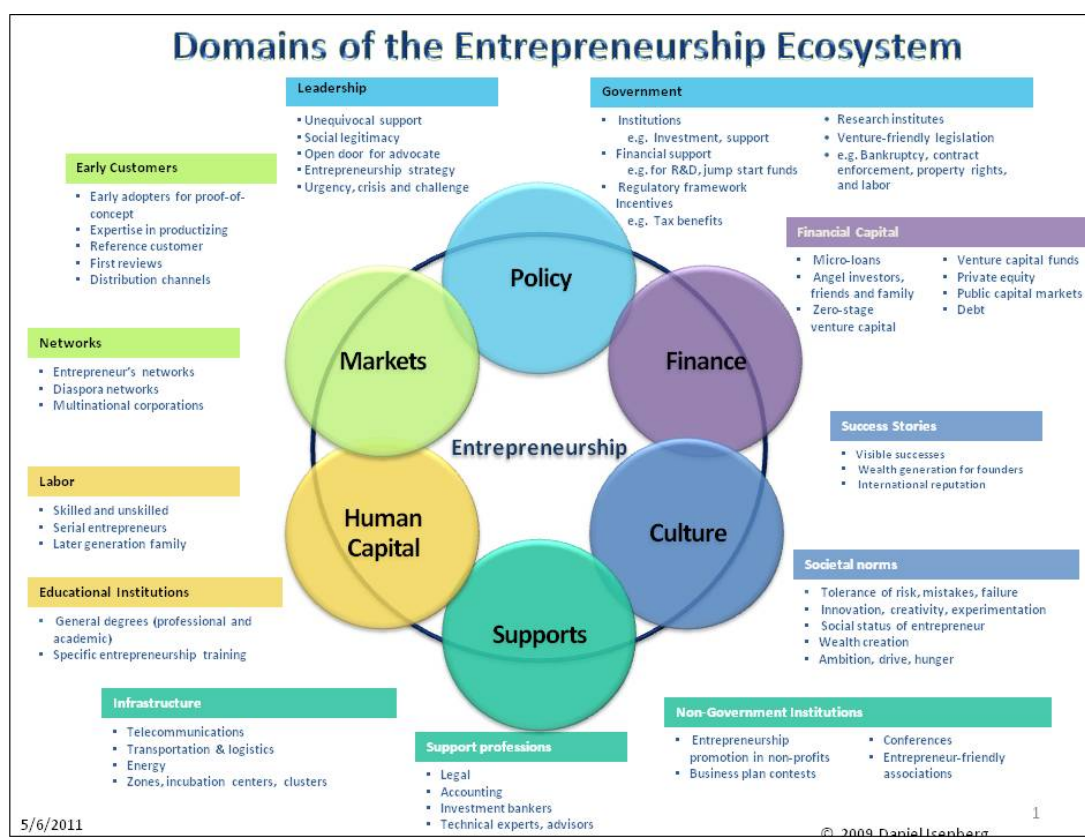


Figure 1. Domains of the entrepreneurship ecosystem, Isenberg (2011)



The elements on this diagram show an entrepreneur's perception of the economical system and how it affects their choice and success, which the elements of policy, finance, culture, supports, human capital and markets needs to be included in the entrepreneurial environment. An example is the markets *early customers*, there are just a few in the political system who takes incentives to invest in new markets and new customers. In order for entrepreneurs to sustain, they need early pilot customers to communicate with. Entrepreneurs need reviews on their new products in order to adjust and develop their products, services and use the customers as a reference to enter the market. An early customer may also financially help the entrepreneur's possibilities of developing more products and services.

Furthermore, Isenberg (2010) explained about the entrepreneurial economic system where he discussed nine principles that the public sector or leaders should focus on to increase the innovation activity and the economic growth. These principles maps the processes that is needed when building an entrepreneurial economic system and which are: 1) stop emulating Silicon Valley, 2) Shape the ecosystem around local conditions, 3) Engage the private sector from the start, 4) Favor the high potentials, 5) Get a big win on the board, 6) Tackle cultural change head-on, 7) Stress the roots, 8) Don't overengineer clusters; help them grow organically and 9) Reform legal, bureaucratic, and regulatory frameworks. The principles of Isenberg's (2010) article is an indication for the public sectors to see if there are certain elements that the region need to work on in order to maintain a sustainable entrepreneurship and achieve an economical growth.

Four of these principles have interesting explanations and which I found relevant for my research field as Isenberg (2010) mentions that; 3) the public sector cant create an entrepreneurial community by itself, 4) favouring high potential start-ups instead of small scale and spread investments. High potentials have the ability to create wealth, development and inspiration for the local community or the industry and can act as a role model, 5) things that can help is through highlighting entrepreneurial role models, showing successes and use the media and local newspapers to trigger the local community's curiosity, 8) developing on existing clusters will work more financially and those who are already located or are in relations already know the systems and resources.

These elements and principles are very demanding to develop, but it is important in order to develop a more sustainable entrepreneurship and economic system in the

region. The younger generation and former entrepreneurs need a region that take initiatives, motivates and encourage them to take risks and make sure that it is acceptable to fail and start again. An economic system will not change at once and everything should not change at the same time, it is a long process but good mapping will help the region move forward and progress without losing focus or direction.

### **2.3.1 Regional Innovations System and Entrepreneurship Ecosystem**

The regional innovations systems focus on knowledge, innovation, network, R&D, entrepreneurship and development, it is a system that gathers business and institution environments to create an economical growth through clusters and collaborations. It sees the importance of businesses that collaborates and localise close to each other to be more competitive in the market through innovations, it is a system of enterprises. While the entrepreneurial economic system also have the similar systems, it focuses more on the individual entrepreneurs and the facilitation for entrepreneurs to grow and engage to create a sustainable entrepreneurial system, which also increases the economical growth. It is more about the public sectors capability to facilitate entrepreneurship for the local community, increase the knowledge flow and creating an entrepreneurial culture. This requires the public sector to readjust some of its regulatory frameworks and make it possible for the local or regional communities to grow and be entrepreneurs.

## 2.4 Business Networks

Businesses and organisations have for a long time strived for products, services, collaborations and innovations that increase their competitive advantages. Collaborations between businesses strengthens their competitiveness by sharing knowledge, resources and costs, which makes it harder for their competitors to copy (Dale et.al, 2004). Through networks, businesses can gain knowledge and learning processes that gives access to new economical possibilities in the national and international market. Businesses in networks takes more risks in the market, therefore it is important that they set norms, share knowledge and gain trust between each other. An important factor is that businesses should locate near each other to increase the knowledge flow and the social capital in the community, which also makes it easier to build trust. The network between businesses is not necessary just located in a specific region, but also with connections outside regions and nation. Dale et.al (2004) further explains that international competition pushes businesses to specialise and differentiate their products in the market to avoid price- and costs competition. In the technology development sector, product and service differentiations increases access possibilities for new market- and customer information. Technology developments gain more knowledge within product design and productions for further development, which increases the advantages in the market.

Businesses can locate near each other for even bigger collaborations within the same industries, they locate near each other to share agenda of complementary skills and less on competitiveness, which is defined as clusters:

*“Clusters are geographic concentrations of interconnected companies, specialised suppliers and service providers, firms in related industries, and associated institutions in particular fields that compete but also cooperate” (Porter, 2000:253).*

## 2.4.1 Industrial Networks

Relations between businesses often consist of knowledge sharing, learning and investments between actors from production businesses and service suppliers. The collaboration is done in close relations where external capabilities are fully utilised for quick changes in the environment. Each business gains new information about the market and shares it through networks and facilitates the development of products and services. Furthermore, Solem & Pettersen (2004) explains the importance of details in structure, relations, positions and processes;

Structure: there are many different types of networks that a business can be a part of such as financial, supplier, customer or production networks. What type of network is chosen depends on the needs, character or which branch the business or industry operates in. Network structures are dependent on how businesses collaborate, it can be well structured with common norms, play rules and close relations between those involved. A less structured business network does not involve each other so much on their activities, do not have strict rules and have less relation with each other.

Relations: relations in networks are as mentioned, collaborations between actors, knowledge sharing, learning and norms. It can be divided by two main parts; *primary relations* which involves transportation goods, service productions and money flows. *Secondary relations* are based on exchanging information, knowledge development, trust and facilitate learning. Biong et.al (Solem & Pettersen 2004, p:24; Biong et.al. 1996) believes that the existence of relations can be divided by economic and non-economic values. *The economic values* show the positive side of economical relations by sharing risks, procurements, operations and transaction costs. The *non-economic values* strengthen the business values through access to knowledge, information, competence development and increased innovation activities. Relations are developed through time where businesses coordinates their actions between each other, has a history and have developed trust over time.

Position: direct or indirect relations of the network follow a position in a role that an organisation have over other organisations (Solem & Pettersen, 2004; Mattson 1984). The position is dependent on each actor's trait and their contribution to production within the network compared to other networks.

Process: process consists of changes and developments that happen over time in the network, the changes can be in form of new members, norms and shift of focus. Innovation within the network creates changes in order to facilitate the market.

## 2.4.2 Innovation Network in Norwegian Regions

Innovation in the interactive model is as known developed through collaboration between different actors where businesses gets their impulses from suppliers, customers, competition and different R&D institutions. This impulse creates opportunities and development for better product- and services. (Jakobsen & Lorentzen 2013; Lundvall 1992; Fagerberg et.al 2005; Isaksen et.al 2008; Jakobsen & Fløysand 2010). Therefore, the concept of relation meetings includes networks, collaborations and knowledge sources. Innovation collaborations in Norway can be explained through regional differences and variations in regard of who or where the collaboration partners are located.

Todling & Tripple (Jakobsen & Lorentzen 2013; Todling & Tripple 2005) describes three regional differences for how businesses collaborate and innovate, the differences consist of rural regions, big city regions and specialised industry regions.

Rural regions: these regions have good access to research- and education environments, service suppliers and have less financial structures. Rural regions are then dependent on forming a network with partners outside the region in order to achieve new knowledge and learning. It makes it possible to establish a stronger affiliation locally and creates a bond. Also, rural regions have great opportunities for internal interactions and can develop institutionalised practices and routines for the business environment within the region.

Big city regions: has good access to research- and education institutions as well, though they are often more differentiated. It consists of specialised environments and industries that are challenged with fragmented environments, to establish relevant collaboration partners for innovation projects within the big city regions could be a challenge for many businesses. Even though it is challenging, the availability of the knowledge flow within the region are quite high and there are many more actors that can contribute and learn from.

Specialised industry regions: this region consists of few industries that dominates, business actors from the same industry collaborates in close relationship and develop routines and norms with great trust between each actors. The challenges within these specialised industry regions is the possibility of “lock-in” or path-dependent and can be less innovative.

## 2.5 Knowledge and Innovation Learning

Knowledge and learning has been for the past years known as a fundamental process and resource for an economic development for innovation. Karlsen (2008) mentions increased employments within specialised social tasks, more people are educated and more research-based businesses are established. However, the term knowledge is generally used in different settings and can be challenging to use in terms of understanding innovation processes, business networks and regional innovation systems.

Knowledge is created or constructed through a social process. Berger & Luckmann (Karlsen, 2008: Berger & Luckmann, 1966) explains two main parts of knowledge, which the first is the daily knowledge or experience knowledge. This type of knowledge is shared through communication from person to person or through actions that can be observed, it is how one behaves that the other person consciously or unconsciously copies. During a meeting between persons, a daily knowledge is then produced through stories and discussions. The experiences from the social processes that people gain knowledge from, can be interpret as their own and make an action based on it. Knowledge is then gained from socialising and interaction with each other.

The second type of knowledge creation is when it is questioned through analysis, problematising and discussions on our behaviour and actions. Berger & Luckmann (Karlsen, 2008: Berger & Luckmann 1966) describe it as theoretical knowledge where it has to be logical and systematically argued. The discussions are based on theoretical frameworks and with data that others can evaluate. The daily knowledge is done explicit by coding it into written words, which can be published in newspapers or through the Internet, it differs from theoretical knowledge as it can be an experience based knowledge that just has been written down.

In addition to theoretical and explicit knowledge comes the tacit knowledge, which is regarded as the opposite definition. Though, it has been argued differently as Tsoukas (Karlsen, 2008: Tsoukas 2005) argued that tacit knowledge is not the opposite of explicit knowledge but rather an integrated part of knowledge. Every action or process cannot be instructed in certain details, but it can be observed on how it is processed. Polanyi (Karlsen, 2008: Polanyi 1966) described tacit knowledge as a process from actions that brings forth the knowledge. He meant that it was through

actions that people do that tacit knowledge can be taught. For example a soccer player, the coach can teach the player many different ways to kick or pass the ball through various instructions but the player must learn it by practically doing it or observe it in order to gain the knowledge through experience. After a while these practices will be done automatically as the soccer player learn the feeling of kicking the ball as instructed and in a way that is best suitable for them, these actions are hard to teach others but through actions and instructions, it can be taught. It is similar to the word of saying “learning by doing”, as you already have been instructed the “know how”.

### **2.5.1 Local and Regional Learning Processes**

Isaksen and Asheim (2008) mention that the meaning of knowledge, learning, entrepreneurship and innovation has for the past years been more commonly discussed for a better regional development and competitiveness. Businesses are more connected, knowledge is more widespread and more institutions and programs for entrepreneurs created. This is due to internationalisation of businesses widening the market, collaborations, knowledge sharing and creating competition for the industry. In order for businesses in the region to develop new products, services and technology, an access to information and knowledge is needed. This knowledge is to support businesses to reach a bigger market through innovation and advantages. Developing locally and regionally with good access to natural resources, businesses will achieve cheaper production costs and the opportunity to compete in price. Businesses will also be able to develop product and services that are hard for competitors to copy because of products based on local resources. Isaksen and Asheim (2008) further argues that regional industries that base their products on local processes tend to “lock” it selves for new ideas, development and knowledge. It happens when the local businesses and institutions collaborate locally and based on historical results. This situation is regarded as a “lock-in”, which is a term connected to path dependency.

Martin & Sunley (2006) describe path dependency as a process or a system based on historical results where development is processed on the same level over time and with small changes. The results are based on the historical process or systems that prevents new knowledge and technology that are available. Arthur (Isaksen and Asheim, 2008: Arthur, 1989, 1984) explain that there are positive sides by using historical knowledge and technology as the knowledge and technology based

on history are well taught and shown for the local community. That reduces the costs for training new employees, reparations and fewer investments, also the term has to be careful when mentioned in local and regional industries. That is because of local and regional industries are often more “open” for the market and uses national and international knowledge and services.

### 2.5.2 Regional Innovation Systems

Businesses and industries form for learning, knowledge and innovation are different as each have different need for support from regions, nations and international environments. Regional innovation systems are then the term to gather these environments in this context (Isaksen, 2013). Isaksen & Asheim (2008) explain that regional innovation systems are divided by two part systems, while the first system mainly focus on businesses where the system can create a cluster consisting of collocated businesses within the same or similar industry. The second system has knowledge development and spreading where the knowledge infrastructure consists of universities, college, research and development and knowledge parks. Regional innovations systems can also be divided in narrowly and widening definitions, where the narrowly consists of research activities, universities, college and different research faculties that are associated with the innovation model STI (Science, Technology and Innovation). The widening definition consists of the industries perspective where it includes actors within the economic aspect and the institutional frameworks that affects learning, competence and innovation within the region. Cooke (Isaksen and Asheim, 2008; Cooke, 2001) mentioned that the systems are affected by innovations activities within the innovation system by “supporting institutions”. The institutions support the collaboration and coordination between actors within the regional innovations system that affects the regions innovation and development. It can be said that knowledge that are being used in the innovations system can come from internal and external sources through collaboration with customers and suppliers that are located within and outside the region. In order to highlight different ways the regional level stimulates innovation processes within different types of businesses, the regional innovations system can be divided into three main types; regional innovations network, facilitated regional innovations system and region part of the national innovations system.

Regional innovations network: consists of businesses that have less collaboration with institutions to get knowledge, it is mainly small businesses with



few employees that don't have the competence to collaborate about innovation projects with training and research institutions. The network will offer collaboration between small businesses and big businesses in order to increase the innovation activity competence. The businesses will then have to localise on the same place near institutions. The collaboration will reflect trust, norms, business rules and can offer services, information, development and help to make a step forward in the process. High trust within local and regional environments have bigger capabilities to achieve radical innovations and adapt the reception of development. This is because of the collaboration between businesses share costs, risks, information and solve problems together (Pike et.al, 2006).

Facilitated regional innovations systems: is about building networks that already exists, the purpose is to increase the innovations ability and start-ups by giving businesses knowledge and access to various tools. The instruments are given by initiatives from the "bottom" by local businesses and actors, while the "upper" is from public supporting system. It is initiated financing projects nationally where the businesses can participate or apply support for further development and establishments. Businesses that have been established for a long time will often have a lot of knowledge. When it comes to further development of products and services, a helping hand from customers, users, suppliers and experienced persons from research institutions will be a great advantage for businesses. Therefore, the regional innovations system can increase the knowledge flow between businesses, networks and organisations.

Regional part of the national innovations system: applies to businesses that collaborates with institutions or businesses outside the region, it is usually when the innovation businesses that support the businesses within the region are located from the outside. The collaboration happens through R&D departments, institutions and national or international businesses. It consists of businesses that are included in the regional production system with the same type of knowledge and wish to work towards a common goal for innovation. An important institutional support to businesses is to create a local culture for specific areas such as technology, agriculture, tourism, research and industries where knowledge are developed and sustained through sharing, collaboration, specialised consultants and teaching institutions.

### 2.5.3 Regional Interaction for Collaboration

Over the past years, the interaction between R&D, businesses and the public actors has had a large impact on the regional development and innovation. The innovation policy has been a central point in facilitating a regions business –and community’s environment. The innovation policy can then utilise the regions possibilities, challenges and create an optimal development dynamic (Normann et.al, 2013, p: 273; Gundersen & Onsager, 2011; Todling & Trippel, 2005). Normann et.al. (2013) describes development dynamic as which or how actors and processes can combine resources in the most optimal way within their context, knowledge development and innovation is then not only depend on utilising material (physical objects like road, humans or industries) or immaterial (non physical objects like transportation plans, knowledge etc.) resources. A third resource within a region is the relational resource, which is the source of creating relations between the government and the region, building trust, interaction, leadership and learning etc. In order to bring the potential out of each region, the regional collaboration patterns for the regional innovation policy is then customised differently. How a region is formed depends on how the regional actors leads and help out with cooperation between different actors.

To understand development dynamic in a context of place and region, Agnews (Normann et.al, 2013; Agnews, 1987) describes the trinity of *location* which is the material resources and measurable features of a place, *locale* as in social relations and the material activities the inhabitants participate in within places and *sense of place* which is how the inhabitants affiliate with their place.

A regional collaboration is not presented as an individual or an organisation feature, but as how trust, power and friendship are bonded between actors. It can be understood as a social capital, regional collaboration and relations that can be directly or indirectly governed by a regional leadership (Norman et.al, 2013). How the regional leadership leads their governance processes, can be divided by administrative and political authorities, with assumptions that the processes is lead across sectors, institution borders and society spheres. Even though the counties have the formal role as regional leaders in Norway, they are not necessary the ones who leads every regions. As regions operate differently, some regions can be lead by big city municipalities, leading companies and the states.

Regional collaboration can be seen as a development actor’s motivation and capacity to take initiatives into planning, create activities and processes together with other

regional development actors. Norman et.al. (2013) divides regional collaboration into two parts, *collaboration within regional subsystem* and *collaboration between regional subsystems*. Collaboration within regional subsystems is initiatives taken by development actors who collaborate in specific cases, projects or sectors such as cluster and local authority projects. Collaboration between regional subsystems is development actor's initiatives and capacity to collaborate across regional subsystems where they integrate their practical perspectives and interact with each other on regional development.

#### **2.5.4 Local Buzz**

In order to share innovation-based knowledge to businesses, a learning strategy are then required to fully utilize its potential. Individuals through interaction and meetings can randomly develop innovation where knowledge is shared between each other (Bathelet et.al, 2004). Bathelet et.al (2004) explained one way that knowledge can be shared locally, and it is achieved through communication within the local community, which they called "local buzz". A "buzz" is referred as information or communication that are achieved through interaction between two or more individuals. It can be through face-to-face meetings, individuals from the same region or industry, in a cluster where the presence of individuals with the same interests within technology, economy or social context meets and have a dialog together. Therefore, the shared or reception of information and knowledge are achieved by just "being there" (Gertler, 1995).

#### **2.5.5 Agglomeration**

Abelsen (2013) explains two main types of agglomerations benefit such as urban economies and localisation economics.

Urban economics: means good access to knowledge from different local sources that shows the advantage businesses can achieve through locating closer to a bigger and more demanding market. Also, businesses can achieve greater access to labour- and providers of components, consultants, education and research (Abelsen, 2013; Weterings og boschma, 2006; p. 27).

Localisation economics: specialises in business structures that consists of many local businesses, which increases the possibility for collaborations with regional actors with similar knowledge. This kind of cluster of knowledge makes it able for businesses to have a specialised labour market, which stimulates incremental innovations.

Businesses and industries require different needs for knowledge and resources, as their innovation activities are different. Businesses gather themselves in clusters to create an agglomeration process where they can achieve specific local advantages. Ellison et.al (Mitra, 2010; Ellison et.al 2010, p: 280-1) explains that an agglomeration is created through basis of closeness to customers and suppliers, labour market “pooling”, intellectual- and technological spill-overs and natural advantages.

Closeness to customers- and suppliers: businesses and industries locate near customers and suppliers to reduce the costs of transportation and access.

Labour market “pooling”: Businesses locate near each other to gain economical advantages through available labours within the region, as each business hire and relieve employees within a risk shared labour market. Employers can then get access to employees with relevant expertise and know what they can expect by hiring between businesses.

Intellectual- and technological spill-overs: clusters and co-localisations are attractive for businesses because of increased flow of knowledge and ideas that are shared throughout the area. This includes highly intellectual exchanges that give networking advantages and a customer- and supplier relationship (Mitra, 2010; Saxenian, 1996, Arzaghi og Henderson, 2008, Scherer, 1984).

Natural advantages: various natural resources within a geographical area attract businesses to locate closer to specific industries. For example a place where industrial production of hydroelectric power are cheap, would be the perfect place for aluminium businesses to locate.

### **2.5.6 Embeddedness**

Mitra (2012) explains embeddedness through a family’s social and cultural context, the mobility in family businesses that seeks to create new things and strengthen their success in the society follows certain norms to enhance their values. The norms that the former family members established are challenged by new family members who wants to strengthen their values even further by searching for new possibilities and alternatives. Intensives from earlier entrepreneurs within the family will then increase the entrepreneurial spirit for new family members to maintain their status within the society where they reside. This concept is related to Granovetter’s discussions of trust, local knowledge and networks, which are believed to solve problems of businesses that base their operation on trust in the local society has (Mitra, 2012: Granovetter, 1973, 1985).

## 2.6 Cultural Aspect of Entrepreneurship in Villages

In later years, the importance of cultural context has been more focused on to understand entrepreneurial development. Borch & Førde (Borch & Førde, 2010 p.19; Montoya 2004, Fletcher 2006, Parkinson & Howorth 2008, Førde 2009) explains that entrepreneurship have to be understood as a social, economic and political process, as an entrepreneur have an relation with people and things that happen in the local community. An entrepreneurial culture can then be seen as a positive effect or as a barrier on development, dependent on which place and social, economical and political context. Small villages can be a great resource potential for establishing new businesses where the local community encourage and support entrepreneurs, but that does not apply for all villages. A historic culture can become a barrier for entrepreneurs or for those who want to start their own business because of social conflicts, personal arguments, interest groups and political feuds that occurs in the local community. Some villages may still have a bit of law of jante mentality from historical background, which is community groups or behaviours towards individuals who want to build something new and unique to the community. It is a mentality that you as an individual are not to think that you are better than we are. Bolkesjø & Brun (2006) mentions that it may be easier for entrepreneurs to move in to the villages and start their own businesses than locals, that is because they enter the society without the local community's mentality. However, the entrepreneurs can be challenged with getting accepted into the community, as they are different and not following the historical norms of the village. It is not until they are successful and has proven their worth that their business becomes more acceptable and gets support from the community, this does not only apply to those who move in but also local entrepreneurs as well. In the past years, villages have become more acceptable towards entrepreneurship due to the official institutes engagement, the local community became more aware of its importance for an economic development. A small part of the law of jante are still left in some communities but is has been largely neglected. Businesses interact and collaborate with each other in networks both within and outside of the village. Entrepreneurship is being taught at schools from elementary school to high schools and local communities welcomes entrepreneurs outside the village to establish in the village.

Entrepreneurial learning and knowledge has been more widespread in the village communities and are more aware of the economic development. Though historical culture is hard to change and is still a challenge, it seems like the cultural barrier has opened itself more on entrepreneurship and moving on a positive direction.

### 2.6.1 Entrepreneurial Culture in Regions

Many regions and local communities are characterised by their culture and social relationship when it comes to entrepreneurship. Entrepreneurial culture can be understood as how the business relationship is structured, and how individuals nurtures entrepreneurship within the framework given by the region (Bolkesjø & Brun, 2006). The social relationship is based on how the region and the local community interacts with each other or with external networks through cooperation, meetings, knowledge-sharing, learning and development that will give them a competitive advantage.

In order to facilitate entrepreneurship for the local community, regions are then dependent on external knowledge and networks for further development. By connecting with external networks internationally or globally, businesses within the region can strengthen their industry-oriented advantages. The outcome of the entrepreneurial activities depends on each regions cultural and social character, and how the community is entrepreneurially oriented. A regional culture is characterised by their traditions, work, environment and the local peoples adolescence. If a person grew up in a region based on agriculture, then most likely he or she will continue to develop a business related to it, as it is the cultural tradition and a profession they are most familiar with. An example is Dovre in Nord-Gudbrandsdalen, where the natural resource environment is agriculture and tourism. Instead of establishing new technology and service-based businesses within another industry, the inhabitant's entrepreneurial spirit relies on agriculture and tourism. That is because of the culture that has been developed in the region through history. A farmer develops new ways to breed horses, siblings started a motel with new exciting activities that has not been done before, and there is a cafeteria that developed a waffle iron that makes musk waffles for tourists (musk is Dovre's municipality shield animal). The local community needs to find a way to make their income, so they find new ways to utilise the natural resources where they are located.

A regional culture is hard to define, but there are ways to identify its features, the Finnish geographer Paasi (Bolkesjø & Brun, 2006, s. 124; Paasi, 1990/91) explains the regional culture by three different features; material culture, culture as a human action, culture as an identity.

Material culture: culture are things or artefacts that defines a region, those things or artefacts is the natural resources that the inhabitants build and develops over time and has a meaning or history in that specific region.

Culture as a human action: how the entrepreneurial culture is developed is dependent on how the inhabitants utilises their environment, the interaction between them and how they structures their businesses. It can be through networking, cooperation and even daily meetings and talks in the local community. How strong the entrepreneurial culture is, depends on how well the local community support venture creations and those who fails. Bolkesjø & Brun (2006) also mentioned that a regions history in economics, development, politics, traditions, business structures and infrastructure actions has an impact on how the entrepreneurial culture can be understood.

Culture as an identity: Bolkesjø & Brun (2006) divides the regional identity into two perspectives, regional identity and inhabitants regional awareness. Regional identity is how the political organisations and institutions maintain the economy and culture within the region, they are the ones who facilitate the understanding of entrepreneurship as in how to start a business and the processes it requires. The inhabitant awareness in the region can be identified as how they experience their residential existence. Also, how much an entrepreneur is attached to the region regarding the material culture, local interaction and their affiliation to the region. The affiliation the entrepreneur has to the region also impacts what and where the new business will be. Because of the regions framework and expectations towards the material culture, the entrepreneur might feel bound to follow the business traditions. The entrepreneurs who moves in to a region to start a new business are less bounded to the regional tradition, instead they will look for other opportunities and take advantage of it.

These three identities of an regional culture connects with each other, the regions natural resources and history, how the political organisations and institutes facilitates entrepreneurship for the local community and the importance of inhabitants who forms and develops the culture in the region.

## 2.6.2 Social Capital

Entrepreneurs are expected to navigate their way around the market, rules, regulations and institutes in a society. In order to get access to resources, suppliers, distributors and employees, a business need to have a good reputation within the business location (Mitra, 2012). Reputation building helps to create support through investments, customs and supplies, businesses need to gain trust and build a social capital. Rønning (2006) describes social capital as social relations, network, norms and values in a local community. Businesses build relations with social networks in the community to gain better values, which can have an impact on the local community's norms. Social capital can have both positive and negative effects on entrepreneurship and innovation. Businesses that have a wide access to an open network, good relations with well-built trust, can affect the local community's attitude towards the businesses and gain values. The opposite can affect the businesses negatively if the local community and actors completely shut them off from networks, relations and social settings. The local community can have a negative attitude towards entrepreneurship and decrease the businesses innovation values. Foss (2006) explains the distinction between strong and weak ties that can affect an entrepreneurial outcome, "strong" ties is a feature that is formed between actors in the society which can make the collaboration accessible and gain trust and reciprocity. While "weak" ties are when the businesses have less relation to each other and can be remote, but its features makes it possible for fast implementation of projects and invest without emotional relations.

In order to build a reputation, businesses need to gain trust from the local community and other actors. Licht & Siegel (Mitra 2012, p: 72; Licht & Siegel, 2008) explains four sources that a business can gain trust in a social capital;

- *Value interjection*: an identity that is developed by a group in an early stage, which can create an altruistic behaviour towards the group members.
- *Reciprocity exchanges*: businesses can gain trust by being generous towards members in a group and give mutual support of ideas.
- *Bounded solidarity*: share common events together with a defined group of people.
- *Enforceable trust*: if a member of the group behaves inappropriately, he or she can expect to be punished for their action.



## 2.7 Entrepreneurship Policy

Entrepreneurial policies developed by the government have a big implementation on businesses in a country and its regions. Creating conditions for start-ups, enabling businesses to grow and develop new products and services in new markets through tax policies, information and support (Mitra, 2012). Which type of policies that the government create and implement is dependent on the circumstances of development the nation and regions is on, different regions require different demands.

Furthermore, Mitra (2012) explained that the need of an entrepreneurial policy became clear in the early 1990's, when the large companies had the "upper hand" on the market. The large companies had increased efficiency in materials, labours and capital, which decreased product prices on the market. Small businesses could not compete with the large companies, had resource restraint and were dependent on externalities, which led to many small businesses to disband. Then the government created and implemented the entrepreneurial policy as they saw the importance of preserving the small businesses. The government was challenged with developing a meaningful policy as the small businesses in the regions and entrepreneurship environments were quite fragmented and undefined.

In later years when the increased push for innovation, rising unemployment, high international competition and the rise of new industrial economies has made the economy makers reconsider the policy for entrepreneurs. Instead of helping the falling companies, they rather focus on the future possibilities of entrepreneurship, venture and innovation. The new shift of policies for innovation, sustainability and more effective use of technology created many new opportunities. Innovation was not done alone but in networked nodes that connect enterprises socially as in creation, value and identification that could set new paradigms for policy making.

The focus on ventures recognised the possibility and probability of existing and new entrepreneurs, with assumptions of new ventures today is as important as those that are created tomorrow. The policies are to support entrepreneurs and make choices about how to allocate resources for the most optimal gain for the economy in the future. Even though small businesses are not necessary innovative and may not add up new values through product or services, the distinctiveness of entrepreneurship policy is made to influence the level of entrepreneurship in a region or nation with policies such as; facilitating the entry of new business through implementation of institutions, facilitate growth in existing businesses and the exit of businesses (Mitra 2012, p: 226; Lundstrom & Stevenson, 2001).

## 2.7.1 Innovation Policy in Norwegian Context

The concept of innovation policy in Norway started in the 1980s, and later on institutionalised as an own area of politics (Abelsen et.al 2013, p:30; Jakobsen & Onsager, 2008). The society in Norway is acknowledged as active and with close relations between different actors within economy and creation of values. The economy market is coordinated, which consists of economy regulations and strong public sectors. These frameworks for politics have had a big meaning for the research and innovation policy as Norway use a lot of public funds to develop research and innovation. The public funds are used to strengthen research environments and activities in order to stimulate commerciality and innovation for an optimal economy and value creation (Abelsen et.al, 2013). The innovation policy in Norway is made to fix market failures through business- and area neutral measures in a market with rational actors.

Jakobsen & Onsager (2008) explains that two theoretical directions affect the innovations policy in Norway, the neo-classical economy theory where the market is the most suitable direction to gain economical effects and values. The theory is facilitated that general funding are to be available for all businesses, an example is the SkatteFUNN where businesses that invest in research and development gets decreased taxation. The policy's goal was to increase businesses efforts in research, this theory was further argued by its positive and negative effects. The positive effect was that general funding make it easier for communication and administrations, which creates reciprocity and decreases own interest impacts. The negative part is that general funding distorts the effects of economical and geographical capabilities of businesses to utilise the funds. The second innovations theory is based on that the economy is constantly changing and that knowledge development and innovation are the most important factors.

It is the knowledge department, business department and municipal- and regional department that have the main role for developing the national innovation policy (Jakobsen & Onsager, 2008). Also, the Norwegian Ministry of Government Administration (2013), mentions that the regulation of public sectors procurements are there to secure that the procurements are utilised in the most suitable and most cost efficient way, the public sector will also through their procurements contribute to competitive Norwegian business development. This regulation enables the local businesses to be able to increase their productiveness and innovation activity through procurements from the public sector.

## 2.7.2 Regional Innovations Policy

Regional innovations policy is about political measures set to facilitate innovation and development within the region. The rationale part of the innovation policy is the idea or theoretical fundament of Norwegian innovation policy where the complex and interactive processes take place in a system consisting actors and institutions with different resources and expertise (Jakobsen & Normann, 2013). Innovations processes vary from different regions needs and resources, the innovation policy have to be customised to each region and develop funding agencies that fit in to the regions businesses and environment. A regional policy's goal is to strengthen the regional research activities and increase the interaction between businesses, universities and institutions. Jakobsen & Onsager (2008) explains that through delegating responsibilities to each region, have strengthened the innovations policy, but that also increases the fundamental challenges of knowledge, actors and decisions that are involved.

Furthermore, Jakobsen & Normann (2013) describes that the innovation policy in Norway facilitates the regions through various programs such as the Arena program, NCE program, VRI program and Regional research fund. The Arena program stimulates innovation, interaction and collaboration for new and growing clusters, while the NCE program strengthens the well-established clusters and their innovations capability on the market through by providing access to new networks and expertise. The regional research program is aimed to increase research efforts to improve regional innovation and developments, also strengthen the collaboration between the R&Ds environments and businesses. The VRI program is also connected to R&D and businesses, but instead of strengthening innovation within the region it focuses on building relations between counties, regional institutes and R&D. The VRI program is based on long-term strategies for regions that wish to develop their own resources and where collaborations can increase the effects of social capital in regional communities.

### 2.7.3 Municipality's role in developing the Community in Norway

As a part of the nation's administrative division, the municipality is represented as the central institution for developing societies in cities and villages. The political decisions and activities that the municipalities make will definitely have an impact on the inhabitant's daily life. A municipality institution's role in community development in Norway is quite versatile. They offer statutory law services for the inhabitants such as healthcare, pension and technology (Aarsæther, 2010). As a political institution based on democracy, their role is to take political decisions on developing construction plans and cases to fit the municipal budget.

An important task for the municipalities is to make sure of the inhabitants' wellbeing and create jobs, especially in smaller villages where agriculture and tourism is their main resource. An example is North-Gudbrandsdalen, where the geographical areas are limited to natural resources such as woods, water and mountains, the primary workplace would be industries, agriculture and tourism.

The challenges the municipalities have are to create jobs and incomes for the inhabitants. But they are not the only one to create workplaces, the private actors and local community can support business- and culture projects initiated by the municipalities. Business establishment should happen naturally by each individual initiative, instead of depending on the municipality. The municipal role is then to encourage the local community to build upon their creativity to enhance entrepreneurship and development. By facilitating workshops, counselling, courses and collaborations through the municipality or government organisations and Innovation Norway, the local community can create their own jobs and businesses based on natural resources that are available. In addition to being the first line for the local community, municipalities have to make sure that the businesses that is being created has a location to operate and that it follows the frameworks within the law. An example is Sel, where the law stated that all the buildings that are constructed must have a triangle roof and an "earthly" colour in order to keep the municipality's tradition and history.

## 2.7.4 Municipality's Community Development Priorities

In addition to facilitating the inhabitants entrepreneurial and development knowledge, the municipality leaders have many other priority processes in developing the community as well. Aarsæther (2010) explains many different priorities that the municipalities have in Troms (Bardu, Målselv, Lyngen and Kåfjord), however in this part I will explain the priorities more generally with some reflections from my field work in Gudbrandsdalen and Lillehammer.

The municipality leaders have the biggest role in developing the community, as they are the decision makers and the community's role model. The mayor is the head executive that represents the municipality and together with the economic development leader, they will facilitate services for the inhabitants, democracy development, frameworks, politics and reputation in order to develop a better community. To get a better understanding of their roles, I will explain two of the priorities that the mayors and the economic development leaders have.

*Municipality's areal site plan:* in developing the community, the leaders have to invest or plan different areal disposals for certain tasks such as constructions, industries, businesses and other service-based development. Such planning often comes with challenges in utilising the areal that are available without crossing the borders and with reasonable infrastructure.

*Economic development and services:* to create more jobs and increase development in the community, there is a need for more business- and service establishments. The municipality's role is then to offer guidelines and counselling for those with ideas and newly started establishments, even give them a small fund where there is possible. The focus on self-sustaining entrepreneurs will increase the local community's awareness of creating their own income and possibly new workplaces. By focusing on service politics as in schools and kindergarten, it will make the municipality more attractive for "newcomers" to establish in the municipality and bring their family and businesses.

As important the development of the community is for the municipality, how they are organised and utilises their resources have a big impact on the development progress

as well. How municipalities are organised differs, but in villages where there are less inhabitants and smaller organisations the leaders often have more tasks than usual. A good thing to point out is the possibility to interact between departments in the organisation. Through the development processes the economic development leader can have a close interaction with other departments regarding certain tasks, which decreases the chance of miscommunication and possibly gain better results. It has long been a challenge for some municipalities to get enough resources for economic development, whether it is funding or capacity to follow up businesses and the local community with establishments and services. Even though the economic development leaders have great experience and knowledge, it is still a challenge to help everyone. Collaboration with the public institutes like Innovation Norway Research associations and Knowledge parks is a resource to achieve further knowledge, competence and learning for the local community.

## 3.0 Methodology

This chapter contains the methodology process of my research, it explains which methods I have chosen and all my processes from starting my research to finishing it.

### 3.1 Qualitative Method

The approach that I have chosen for my master thesis is the qualitative method and semi-structured interviews. Clifford et.al. (2010) describes qualitative method as a set of techniques to explore subjective meanings, values and emotions through interviewing and observing participants. Tjora (2012) argues that qualitative method goes deeper in people's emotions and experiences that show different aspects that the researcher has not yet thought of. How much reflections an informant or participant are willing to share depends on how good dialogue the researcher is able to make.

Furthermore, Limb and Dwyer (2001) explains it as exploring the participants understanding and knowledge in a certain setting through interviews, discussions and observations. Qualitative method explores the complexity of everyday life in order to get a better understanding of what it is that forms the social world. It is characterised as a relative construction of knowledge between a researcher and those who are researched.

Qualitative research comes with a set of ideas of what that can be taught and how to create and get access to knowledge (Smith, 2001). It requires that the researcher participates in the process of developing knowledge instead of being separated from it, it is also expected that the researcher can build a relation with the informants that are interviewed. The researcher chooses a strategy where he or she acknowledges the diversity of human experiences, knowledge and characters.

### 3.2 Research Design

Ringdal (2007, p: 22) explains that the research first of all, have to plan the research project and research question by making a sketch of how the project is supposed to be conducted. A research design should be an explicit part of the research as it shows what, where, when, how and why the project is being researched (Clifford et.al., 2010). Also, Thagaard (1998) mentions that the project design has to have a basis with flexibility, the researcher has to consider during the research period whether the data that is gathered are relevant or not in regard of theory and the research question. Flexibility gives an "open space" for changes that may occur during the research process, which is an important part of qualitative studies.

### 3.3 Research Question

Thagaard (1998) explains that a research question should be formed after *what* the research is focused on, that include preparations of one or more themes that the research project should contain information about. The researcher has to make a research question that he or she wishes to get information about, also be clear enough to give guidelines for the theoretical and methodical choices that the researcher will use during the research project. The research question has to be flexible so the project may explore and develop different themes and empiricism that may occur during the research. It is important to be able to make changes on the research question, as the research will get a bigger understanding of the fieldwork and analysis. The research question has to contain a reason for *why* it is important by using academic knowledge and an argumentation of how the project is related to the theories.

*How* the research is done depends on whether the researcher gets access to the environment and relevant informants for the research question or not. There will be many situations where the researcher struggles to get access, therefore it is important to be prepared on a different setting if things does not turn as planned. In environments that are sceptical towards research, the researcher has to be prepared to invest a lot of energy and time to build trust in the environment before the research can be done.

My research question for this master thesis is developed on theoretical and empiricism, it is inspired from an article that has been researched but used in a different setting. It gave me the basis and the opportunity to research on Lillehammer and Gudbrandsdalen´s culture and organising of entrepreneurship, innovation and development.



### 3.4 Semi-Structured Interview

The purpose of conducting the research using interviews in qualitative methods is to collect information in depth of how the informants experience their situation, viewpoint and perspectives in relation to the theme (Thaagard, 1998). My qualitative research was based on semi-structured interview, Longhurst (2010) describe semi-structured interview as a verbal exchange where the researcher collects information from another person through questionnaires. The researcher prepare pre-made questionnaires within a specific theme and while holding a dialogue with the informants, they can get the opportunity to explore more of theme as they seem appropriate. Because the questionnaires are pre-made, the interview becomes more flexible in way that the informants can elaborate more on the theme, the interview will then become informal and makes it possible for the informants to answer more freely.

My questionnaire was inspired from the elements of Daniel Isenberg's article "*How to start an entrepreneurial evolution*" (Isenberg, 2010), which were adjusted and related into regional and Norwegian context. After the adjustments and confirmations from my supervisor Gjermund Wolland and Ole Smidesang from LGKP, the questionnaire was then ready to be conducted.

I made sure to make preparations before conducting any interviews by checking if the recorder had full battery or not and to always carry some extras, also check if I got my notebook and pens just in case the recorder malfunctioned. What I kept in mind when meeting with the informants was to greet, ask where to sit, introduce myself, confirm the theme of the interview, explain what I need from them and at last ask if he or she will accept me recording the interview or not.

### 3.5 Access to Informants

My research field is Lillehammer and Gudbrandsdalen, Ole Smidesang from LGKP suggested that I would get in touch with the twelve municipalities. Taken my time limit for this master thesis in regard, I had to narrow it down to five municipalities and a mayor and head of economic development from each of the municipalities. I chose the municipalities based on inhabitants and closeness to other municipalities that were not chosen. The mayors and heads of economic development in the municipalities that I chose are from Lillehammer, North-Fron, Sel, Lom, Dovre.

After that I had chosen the municipalities and informants, I needed access and information about the informants. On beforehand, Ole Smidesang from LGKP had already sent me a list of the informants email from the twelve municipalities. All I had to do was to reply with a short list of those I had chosen so he would know which one I chose. He then sent an email with information about my master thesis and what I needed from those that had been chosen, four out of ten informants replied, which I contacted and scheduled a meeting with. I made no further contact with the rest of the informants before conducting my first interview, which was the head of economic development from North-Fron. After conducting the interview with the head of economic development of North-Fron, he then contacted the mayor and then short after I was able to make an interview with the mayor of North-Fron as well.

I still needed to interview five informants that did not respond and that was then Ole told me that they needed a little “push” and that I had to make contact until they responded. After a few reminders to the rest of the informants, they finally responded and all I had to do was to schedule a meeting where they all had the time to make an interview. It was a bit of a challenge scheduling the meetings, as not everyone was available on the same day. I had to make many trips within two weeks in order to interview them all, but I got to interview all ten of my planned informants and got good information from them. All the interviews were conducted in a meeting room or the informant’s office, there were no disturbance for my recorder and for the interview. The only disturbance that could be mentioned was their phone ringing, but it only lasted for a few seconds before we were back on track with the interview. I will elaborate more on point 3.8.

### 3.6 Ethical Practice in Research

Tjora (2012) mentions that the general ethical considerations of a qualitative method should be in all research, regardless of the legal requirements of researching. It is more about the aspects where trust, confidentiality, respect and reciprocity are more considered when making contact with informants. How a researcher behaves, may affect the dialogue between the researcher and the informant. As the interview is in direct contact, it is expected that the researcher behave with courtesy, which is the basic for ethical research.

By conducting my research through interviewing where peoples are involved, it is important that I as a researcher would behave professionally and take ethical rights in to consideration during the interviews. Tjora (2012) mentions that ethics in regard of interviews is connected to the data that is presented. Also, the informant should not come to any harm caused by sensitive themes that is brought up, when the interviewer are not capable to contribute to therapeutic comfort. The informant can at any time make a request to cancel the interview or remove parts of the information that is given, the researcher have to show respect and responsibility towards the informant.

I did not declare any form for confidentiality with my informants and which I will take in regard in my master thesis. In order to keep the informants safety and the ethical rights in research, I will therefore keep the information that I have gathered anonymously. I will on my analysis describe the informant and their quotes as informant 1-10 and in random order, which only I would know which number belongs to whom. This method will allow me to conduct my analysis in details and keeping the research ethics without the informants being traceable.

### 3.7 Research Quality

This chapter describe the research quality of my master thesis and will reflect on the empirical data that is collected. This will make the thesis more understandable and show that I as the researcher processed this research, it contains personality and reflexivity, transparency, reliability and validity of my research.

### 3.7.1 Personality and Reflexivity

According to Moser (2008), *personality* may influence the research by building trust and connecting with informants on the research field. The researcher's emotional and characteristic skills have a lot to say for the research as the informant's response reflects the researcher's personality. Researchers should be more aware of how they behave and answer when they are in a dialogue with another person, the way the researcher portrays him or herself will have an effect on the research. She suggests that the researchers should examine their personality in the field by using a technique called *reflexivity*. Reflexivity is a technique described as;

*“Self-critical, sympathetic introspection and the self-conscious analytical scrutiny of the self as a researcher”* (Moser, 2008: England, 1994, p: 82).

Moser (2008) argues that by practicing reflexivity, the researcher benefits from a full evaluation of their own personality that is relevant for the research context. It is expected that each individual researcher knows their emotional abilities and how their personality may affect the research process and outcomes.

Throughout my interviews with the mayors and heads of economic development, I always kept in mind how I should behave and always kept eye contact with the informants without making them uncomfortable. I was making sure that I wasn't making any sudden movements that would distract them and relax myself so I wouldn't transfer any stress to the informants.

### 3.7.2 Transparency

Tjora (2012) mentions that it is important that the research is presented in a way that fills the requirements for transparency and reciprocity. That includes the process of the research, choices that were made, challenges during research or interview and which theories that are used. Transparency is about how good these choices are mediated into the thesis, in a way that the reader can get an insight of the research and is able to make an evaluation of the research quality.

### 3.7.3 Reliability

Thagaard (1998) connects the word reliability to critical evaluation of the research that is conducted in a way that is reliable and trusting. Also, if another researcher conducted the research with the same methods, would he or she get the same results? That is why it is important to explain how the researcher has gathered the data throughout the research, the reliability can be strengthened through involving more people to the research, such as supervisors.

Students of Master in Entrepreneurship, Innovation and society had to from early first year start with a sketch of possible research themes and topics. At the end of the year when the sketch is handed in with suggested themes and research questions and after the evaluation, supervisors were divided for each student that suits their themes and topics.

My supervisor for this master thesis is Gjermund Wollan, with his experience and competence within my master thesis theme, he have given me guidelines as to what I should think about when choosing theories, methodology and questionnaires. Also, provided me with tips on which literature that would be relevant for my theme and research question and narrow theories down to Norwegian regional context. As Gjermund Wollan follows through my master thesis processes and being my supervisor, I believe that it will increase the reliability of my master thesis.

In addition to my supervisor, I have a contact from Lillehammer and Gudbrandsdal Kunnskapsark AS, Ole Smidesang. He have provided me suggestions and articles related to the theme on this master thesis, also given me access to informants through emails, calls and texts, which have been helpful on conducting my research. His experience and expertise has helped me through challenges of formulating the questionnaire into regional context that would be more understandable for the informants.

By having these external supervisors for my master thesis, will further increase the reliability of this research. Furthermore, Tjora (2012) mentions that it is important to elaborate on the researchers own position and how it can affect the research. Many situations require the researcher to be engaged or have the knowledge in what it is researched, the researcher have to reflect on whether he or she have a similar knowledge or as much engagement as the informants. To increase the reliability even further, the researchers have to reflect on how the knowledge and engagement can affect the access, selection, data analysis and the results. The knowledge that the researcher already has can be helpful creating precise questions, but it can also be a

disadvantage as all the knowledge that are presented comes from “outside” of the informants area.

My master in Entrepreneurship, innovation and society, have given me relevant knowledge within my theme and research question for this master thesis. I have furthermore been provided with other literatures that gave me a better understanding of regional culture, organisation, entrepreneurship, innovation and development. I felt safer given that I have gained knowledge within what I am researching and I was able to engage in discussion with the informants.

### 3.7.4 Validity

Validity is connected to the data material that can be found on the research that actually answers the questions that are asked on the master thesis (Tjora, 2010). Kvale (1997) suggested a *communicative* validity by making tests on the research through a dialogue with the research community. The dialogue can be through conferences and publication of results on scientific journals within the same theme or methods. Crang and Cook (2007) explains validity as how the research relates theoretically and empirical to other studies. As the research is done through the researchers own interests, ideas and issues, the conclusion will most likely not be the same if some other researcher would have done the same research.

By portraying my research process and results based on theories, methodology and models from earlier scientific publications, shows validity in my research as it is within the academic frameworks. I have shown transparency in my master thesis, which makes it available for the reader to validate my research. Portraying my choices of generating data and with theoretical context in my research question, will give the reader the opportunity to discuss the relevance of the research.

### 3.8 Collecting and Transcribing Data from the Interviews

Scheduling interviews with informants is important, but it is also important to secure all the information that is said during the interview by making sure that all the data is collected. I used a recorder to secure all the data that the informants shared, a recorder gave me the opportunity to collect the data without having to disturb the informants. Instead of writing down notes during the interview, I could engage in the conversation and have a discussion with the informants. I had to make sure before the interviews that the recorder had full loaded battery, extras in my pocket and if the recorder worked or not by making a small test recording. I had in addition a notebook and pen in my backpack, just in case the recorder didn't work or the informant didn't want to be recorded. Tjora (2012) mentions that if the informant does not want to be recorded, then it is extra important to take good notes. There can be situations where the informants wish to share an information that is being recorded, but also situations where the informants wish to share an information without being recorded. That is when it is important to accept those situations, it will increase the trust between the informant and the researcher and decreasing the risk of the informant holding back on information.

What I experienced during my interviews with the informants were different, in regard of what time of the day the interview were held, the time the informant had for an interview and how I behaved during the interview were a bit different from each informant. Some of my interviews were shorter than the others because of the informant's availability and time restraint. One instance was that I had an interview with the head of economic development and when it ended, the mayor came by the office and could spare around 20 minutes for an interview. During the interview, I had to be quick and therefore tried to sort all the important questions that I could ask within the time that I had. It made me rush and felt a bit stressed out but I tried to keep my calm in front of the informant and kept on going, I focused on the questions that I had quickly sorted out earlier and kept the dialogue going without interruptions. The interview was done quickly within the time the informant had and we made it through, though I feel that the information that I got was a bit vague because of the time restraint and this happened to three of my interviews. I had better time for my interviews with the other informants and which I had informed beforehand on email that it would take approximately one hour, that information was meant to help them check their availability on their calendar. There were times during the interview that the informant answered on one question and then further elaborated and started to answer another question that I had. The informant didn't know about it, but I had to

listen carefully and sort the answer on the right question. The answers were “jumping” back and forth on the questionnaire and I would have to keep track on which question that was being answered so that I wont ask the same question and overlap the answers. I felt it might have disturbed the informant a bit, because I was looking at the questionnaire sheets and tried to cross off the questions that were being answered while the informant was talking. As mentioned about the time of the day, most of my interviews were held in the informant’s municipality office and it was usually early on the day around 8-11 am, as I was living in Lillehammer so I had to drive to the informant that took me 1 - 2 ½ hours one way. The early driving might have affected my behaviour during the interviews as I was feeling tired at some point and felt that my focus was not always there. But I felt good reception and cooperation from the informants, they understood my questions and even elaborated on the themes that they were interested in.

Crang and Cook (2007) suggests that the researcher sits down and write down important notes right after the interview is conducted, the researchers memory is less likely to remember all the information that is given by the informant. It will also be of help when transcribing as the recorder may have malfunctioned or there were a lot of noise during the recording. Also, an hour of interviewing corresponds to around six to ten hours of transcribing and together with the observation notes, a few days is to be expected. It is important that the transcription process is done shortly after the interview, postponing the transcription process for a long period will only stack up the interviews and then the researcher will be left with a lot of information.

As I drove to all the interviews that where conducted, I spent at least around 15 minutes to write down all the important information that I could remember in my notebook. It makes it easier for me to keep track of which informant said this and what he or she said that I felt was important to write down. In addition, I also check the recorder if the length of the interview is accurate and make a quick run through the recording just in case it had missed something. The transcription process took me around 5 days to finish, I had 10 interviews and three out of ten lasted for 1 hour while the rest lasted for around 30-45 minutes. I used around 3 hours to transcribe the 30-45 minute interviews and 4-5 hours to transcribe the 1-hour interviews. I divided the interviews after each municipality, which was North-Fron, Sel, Lom, Dovre and Lillehammer, that method made it easier for me to categorise and place the transcription. The method I used to transcribe was to listen to the recorder through my headphones and then write down, it was a long process where I had to listen, stop, rewind, write down and then play again. It was all written down on my computer, which was very convenient as I am used to write on my computer.



### 3.9 Coding

When all research, interviews and transcriptions are done then comes the coding part. Coding is a strategy in qualitative research where I can evaluate my resources, themes and refine my research questions. I can then re-categorise the themes and the data material based on the informant's answers on the questionnaire in the right order. I will by coding the transcription interviews get a better understanding of the information that is given and not miss out on interesting information that the informants have give me. Coding is according to Cope (2010) a way of evaluating and organising the data in order to get a better understanding and the meaning of a text. It helps the researcher to identify categories and patterns, which the researcher gets a better sense of the data and can then start to refine or make new questions. Coding also identifies subcategories that are crucial to get a better understanding of the main theme and the data. Crang & Cook (2007) suggested that in an attempt to understand the material better, the researcher should then keep thinking through the theoretical notes that is made along the research as it will let the researcher know where things appeared and where it lead. Also, create a diagram or a map of the categories that the researcher has made and see where it relates to each other.

Coding in my research will happen through transcription texts, as my questionnaire was already categorised and consisted of a main theme and sub themes, the only thing I needed to do was to sort out the information from the informants in the right category. The reason I had to sort it out was because of what I said earlier on the transcription part, the informant "jumped" back and forth on the questions, which had the answers being on another category. I had to read over and over the transcriptions and reorganise the text to be on the right theme and category. I printed it out when I was done reorganising the answers, and then I read through the data material and started writing down notes on the sides. The notes was supposed to connect the information towards the theories that I have for this master thesis, I will by doing this get a better overview of the information when analysing the data material. Also, I can see where the information gets interesting and which I can relate to the research questions.

## 4.0 Analysis

I will on this chapter, connect the theories from chapter 2 together with the empirical data that I have collected, then analyse and discuss what I have found throughout my research. I will make a conclusion and a summary at the end of the analysis, which answers my research questions. My main theme for this master thesis consists of four sub themes based on the questionnaire that will support the main theme while answering the research questions, which is:

*Do Lillehammer and Gudbrandsdalen have a sustainable entrepreneurial culture?*

*How should the municipalities facilitate their resources to engage the local community in entrepreneurship and innovation?*

*How can the municipalities increase the entrepreneurial knowledge flow, learning and development within the region?*

The sub themes are categorised in *organising and policies, business networks, culture* and then *knowledge and learning*. These categories were divided in the questionnaire as well, which structures the informant's answers. As it was a semi-structured interview, the informants were able explore or elaborate more than just the questions and which made the set categories more interesting. The informants will be categorised from 1-10 and be anonymous, as I have not informed consent.

To achieve a sustainable entrepreneurship, there have to be many pieces that need to be put on the right place. An inspiration from Isenberg's theory showed a few elements that sort the pieces and I will together with other important theories discuss how the municipalities facilitates entrepreneurship and engagement, the cultural challenges and how they can increase the knowledge flow in the community.

## 4.1 Organising and Policies

How the municipalities organise and facilitates entrepreneurship has an affect on the regions economical growth, but the public sector cannot be the only one developing it. The local community and private sector needs to make use of the local resources and enhance entrepreneurship, what the public sector can do is to facilitate guidelines and tools that are necessary. This part will present the municipality's reflection on the policy and how they are organised towards entrepreneurship.

### 4.1.1 Importance of Entrepreneurship

The basis of entrepreneurial facilitation is how the municipal or regional leaders see the importance of it and whether they see innovation activities as important or not. The motivation of the leaders towards entrepreneurship impacts on how the local community behaves and engages. Therefore, it is important that the mayors and the heads of economic development priorities entrepreneurship within their region. When conducting the interviews, it seems that all of the informants underpins the importance of facilitating entrepreneurship, as it is necessary for increasing inhabitants and labour in a small town or city. Aarsæther (2011) explained that the Norwegian's political institution that is based on democracy has the role to take political decisions on developing and constructing plans and cases to fit the municipal budget. Also, make sure of the inhabitants wellbeing and create jobs especially in small villages where their main resource is agriculture, adventure and tourism. As informant 7 said,

*Off course it is important, we are a small municipality with 2300 inhabitants and have had a stable population decline for many years. Therefore, creating labours through entrepreneurship is a priority for us politicians in order to turn the decline.*

Prioritising entrepreneurship is important but how they organises their resources and facilitates it may differ from what is said and what that is actually done. On a question where prioritising entrepreneurship is asked, informant 1 said,

*It is very important, but one thing is what is being said and another is what it is actually done in practice to get results. The municipality has an answer on the*

*frameworks, finance and resources, it is important but it is depended on how we utilises our resources, organises and who we collaborates with.*

Entrepreneurship within Lillehammer and Gudbrandsdalen has gotten more engagement from the public sector over the past years, they know that the inhabitants are aging and it is important to make the village or city more attractive for newcomers in order to increase the economical growth. But the term of entrepreneurship and development is still quite vague for the local community. Entrepreneurship has just recently been introduced to schools, businesses and the local community, therefore the engagement that the politicians wants from the community is not optimal yet as it is still an “unknown” economical path. To make it more “known” for the local community the municipalities are currently working on facilitating entrepreneurship, and it has been a prioritised project for some time. I will further on the analysis identify how the municipalities facilitate entrepreneurship for the local community and the region.

#### **4.1.2 Leadership and Facilitation of Entrepreneurship**

Aarsæther (2011) mentions about the municipality’s development priorities for economic development and services as to create more jobs and increase development in the community. Their role is to offer guidelines and counselling for those with ideas and newly started establishments. The facilitation and the community’s access to the tools are important and needs to make more awareness off. It was clear for the informants that their “openness” and facilitation towards entrepreneurs was crucial, as informant 4 said,

*We are open for everyone and especially for those with new ideas, I take initiatives to create a new meeting place for businesses in a form of business forum where I wish to invite actors and businesses leaders where innovation and new ideas is the main discussion. It is a forum where businesses can have a meeting place together with the municipality.*

The facilitation and engagement of the informants are there for entrepreneurs through providing office spots, guidelines, incubators and networks. However, when the question is asked during the interviews, all the facilitation “tools” are mentioned but also << people need to take more risks>>, which I take in regard that there are not so

many people in the local community who approaches and make use of the tools that are provided. All of the facilitation is there, but there are few people who actually engage. Isenberg (2010) mentioned that the public sector cannot create an entrepreneurial community by itself, they need the private sector to help motivate and create a sustainable development market. An early engagement of the private sector would increase the uncertainties around establishments and entrepreneurship, there are also often a lack of expertise and would then be necessary to use external network and partners such as Innovation Norway, LGKP or the Siva. I get the picture of the external networks that they support those establishers who already engaged the entrepreneurial community, in my opinion that is still not enough to create a sustainable entrepreneurial economic development. They need to be more focused on those who are yet to establish and those in the private sector who are already established to engage them on entrepreneurship, the awareness of local community to create a business is important as well. It has a lot to do with the entrepreneurial culture in Lillehammer and Gudbrandsdalen, which I will get back to later on the analysis.

My opinion on this matter is based on the question I asked the informants about creating connections with other professional members who can engage with the new establishers or entrepreneurs, most of the answers were that they were not active on that part and don't have any systematic approach to it. Also, many referred to LGKP and Innovation Norway, but I believe that in engaging the local private sector would increase the engagement and the local community would be more comfortable to make an approach as the businesses or professionals are most likely already known around the community.

It shows from the research that the informants as soon as they get information or get approached by the local community, then they would be quick with the first line process of guidelines where they can provide help with documents, contacts or connect them to institutes or businesses that have the similar interests. They would take up to three days before making a further contact for a meeting and discuss, or visit newly established businesses to show support. As the municipality is just a first line support, they cannot provide help for everything, one thing is the staff resource and another is as one of the informant said << we are the facilitators when they have an idea, but it is the entrepreneur themselves that have to create, we cannot give them everything as they need to feel the drive to run a business>>. The municipalities

provide information beforehand, if there is an entrepreneur that needs areal space for office, and then they would know that it is possible.

As for the leadership of the informants, there are mayors and heads of economic development that works actively on the role of leading entrepreneurship in their municipality. Isenberg's (2011) Figure 1 on the theory chapter shows the domains or elements of the entrepreneurship ecosystem, at the policy element it shows that leadership needs some traits for a successful development. I will reflect two of those traits, which is unequivocal support and open door for advocate. As for the informants, it shows that:

*Unequivocal support:* throughout the research and interviews, it shows that the informants are quite experienced in their field and with different backgrounds. Most of the informants were clear on their support and showed great knowledge about entrepreneurship, though for some it was still quite new and vague to actually be specific on their role for entrepreneurship.

*Open door for advocate:* as in entrepreneurial context, the mayors are more limited to advocacy event though they state that they are quite open as they always have a lot of other political tasks to do, that is why the municipalities have hired heads of economic development. Their role is to act as an entrepreneurial advocate for the local community and be of support for guidelines, collaborations and networks.

There were good relations between the most of the mayors and the heads of economic development that showed supportive delegations of entrepreneurial tasks. As there were good delegations of tasks, there were also delegations where some cases were one sided and unclear for another, which could be a sign of a blurry communication between the "top-down" and "bottom-up". An example is where an informant said << things are going good, we are heading in the right direction>>, while another informant from the same place said << things are not going so well, there are more things that should be done>>. Either there is a blurry communication, two sides do not agree on the matter of subject or the way the informants wanted to display their region to the researcher affected their response.

### 4.1.3 Regulatory Frameworks

It is the government that sets the regulatory framework standards, which the municipalities need to follow and facilitate their budget towards it, the budget differs from each municipality and it can be difficult to facilitate all the necessary tools and finance for entrepreneurs within their region. As there are different needs for each region, the facilitation for entrepreneurship might differ as well. The regional innovations policy is customised to each region to develop funding agencies that fit the regions business and environment (Jakobsen & normann, 2013). That applies to the difference of the municipality's location in Lillehammer and Gudbrandsdalen as well. But some of the informants could describe their facilitation by saying << yes, we make good use of the programs provided by the institutes and can gather people to join>>, it shows that there is a need for it and are able to utilise the programs. While another informant at a smaller municipality said << we don't need the program as there is not much activity or a need for it here>>, that in my opinion shows that the programs that are introduced by the institutes are customised or standardised to bigger places and not for those in smaller places. However, the challenge is how to make programs suitable for small villages to make it more attractive and useful, if not the programs then how to engage the local community to be a part of an entrepreneurial culture.

The department's guidance about public procurements states that the public sector is to secure costs effective procurements and contribute to competitive development of Norwegian economics (Fornyings- og administrasjonsdepartementet, 2013). This means that the municipalities are open for innovative procurements that give the public sector an opportunity to stimulate innovation of the private sector such as local suppliers and entrepreneurs. All ten informants were asked a question about developing competence to utilise the opportunity for local procurements, the answers were no. That is for various reasons and challenges for each of the municipality, informant 1-2 was just recently challenges with this matter as they were working on a project that required entrepreneurs. The project had tough requirements for materials and quality, local businesses were usually small and could not take part on this project. Informant 3-4 stated that all the procurements are done regionally, but they should have utilised more locally. Informant 5-10 all had in common that they should have had an strategy for local procurement, that there are a lot of opportunities and potentials to get from there but they don't have the competence or the resource for it. It had been a long discussion and a theme on the meetings, but they don't have

enough knowledge about that matter. The informants also stated that it is a competition during the procurements, for those suppliers or businesses that does not meet the requirements for the materials and quality would naturally find a way to fulfil it. They would have to take measures, which can be collaborations or creation of a new innovative product that to qualify for later procurements. Those processes can be great knowledge and learning for the businesses and would help local businesses and suppliers to strive forward.

#### 4.1.4 Finance and Infrastructure

Isenberg's (2011) figure 1, financial element shows points that should be available for the community, such as venture capital funds, angel investors, micro loans, etc. As for Lillehammer and Gudbrandsdalen, when the informants were asked about venture capital in their municipality, all ten informants had the same issue that it has been and is a challenge. Investors and the public sector cannot provide so much venture capital as it is scarce, what they do is to connect the start ups with Innovation Norway's fund or the public sectors regional, municipal funds. It is a small fund that they can provide, and usually spread out. Informant 9 mentioned,

*We can't create a seed funds because it is not possible to find a private share for that kind of funds, there are no willingness or environment that are strong enough to provide it.*

Isenberg (2010) mentioned that regions and municipalities should favour high potential start-ups instead of small scale and spread investments. High potentials have the ability to create wealth, development and inspiration for the local community or the industry and can act as a role model. Lillehammer and Gudbrandsdalen do provide a spread fund, but that is because to find a high potential start-up there has to be many who apply and that can be picked out from. But in small villages and city's where the resources are scarce, less entrepreneurial engagement and small amount of start-ups, there would be difficult to find a high potential start-up as they would feel the need to provide fund to those who actually wants to start a business in order for the village or city to increase their economical growth. Informant 2 said,

*If the entrepreneur can show that he or she can succeed after being on the bottom a few times, then the local community will most likely acknowledge and be inspired by the entrepreneur.*



The statement is likely based from experience and it shows that it is not necessary for the municipalities to just invest in high potentials but when the entrepreneur is in a position of scarce resource, then he or she would strive harder and find other possibilities for the business. This emphasizes the entrepreneur's characteristic as Schumpeter (1934) mentioned on the theory part of entrepreneurship.

As for the infrastructure, there were different challenges for each of the informant's municipality. The further the municipality's are located from bigger cities the bigger the challenges, it was especially in northwest of Gudbrandsdalen where there are long distances to big cities, airports, train stations and the limited buss transports. The same goes for telecommunications and broadband as there are a lot of "white spots", which shows weak connections or no connections at all. Then gets better as it comes down to middle Gudbrandsdalen and good infrastructure from middle to Lillehammer as E6 is being expanded in direction of Oslo. Informant 5 mentioned that the distance between them and bigger cities is a throwback for businesses in the local community, as it will mean higher transportation costs. Informant 7 mentioned the challenges of season based tourism businesses, as the mountain hiking and tourism in the region are season based then the businesses are dependent on the roads being opened. The roads are closed during the winter and opens from Easter. The Easter holiday dates change, like this year on 2016 it came earlier, then it is always problematic to discuss whether they should open the roads earlier or not and because of this situation there are 14 tourism businesses that are dependent on that it opens. If the road were to be closed for tourists then business owners would have to keep their business closed as well.

The infrastructure in northwest of Gudbrandsdalen is a problem when it comes to attracting new start-ups or newcomers to establish, industries and businesses might be depended on transports for goods and with good access, then it is more natural to them to establish where that is possible.

## 4.2 Culture

To create a sustainable entrepreneurial economic system, there is a need for engagement, facilitations, municipal support and organising for a better economical growth. But for those to be successful, there has to be an entrepreneurial culture that has a tolerance of risks and mistakes, success stories, reputation, social status of entrepreneurs and visible support from the local community. Borch & Førde (Borch & Førde, 2011. P:19; Montoya 2004, Fletcher 2006, Parkinson & Howorth 2008, Førde 2009) explained that entrepreneurship has to be understood as an social, economic and political process that has an relation with people and things that happens in the local community. An entrepreneurial culture can be positive or a barrier for development as positive brings engagement and social supports, while a historical background, personal arguments and political feuds may be a barrier to entrepreneurship.

The positive sides with encouragements and acceptance towards entrepreneurship is what all of the ten informants wants, but that part of the culture is not achieved it yet. The impression most of the local community in Lillehammer and Gudbrandsdalen have for entrepreneurship is quite restrained, it has a historical background and most of the businesses are based on agriculture and tourism. Informant 10 said,

*I think the cultural challenge here is that people think it is scary to fail, the scariness of failing hinders people to be entrepreneurs and that if it fails then the other locals might se them differently because of their failures.*

It shows that there is still an entrepreneurial barrier in the local community, which works as a hinder for entrepreneurship and for those who wants to try. The culture in Lillehammer and Gudbrandsdalen is a rigid society with requirements to abide by the rules and frameworks. Those who do not follow those rules or frameworks does not get a real support, but rather a “what did I say” or “told you so”, this mentality has its historical backgrounds and is rather hard to change. All of the informants had the similar opinions when asked about the cultural support, this historical background and mentality is known as the *Law of Jante*. It is a term, which states that a personal should not think that they are better than others or more special than others, and many more. Informant 1 said,

*People knows people in a small municipality, you are never an unknown person, if there is a person who has a meaning about someone then there is as often a history behind it.*

As for outsiders who enter the local community, Bolkesjø & Brun (2006) mentioned that it might be easier for entrepreneurs to move in to villages and start a business. That is because the outsider enters the society without the local community's mentality. Though, it is still not a normal thing to cheer on those who have failed, entrepreneurs have to work hard and strive in the community to show that they can be successful. It is not before that they can show good results that they can be accepted and proven their worth, those who fails might be seen as dreamers.

*Law of Jante* has been in the history for a long time and it seems that it still does, though it has been much better for the past years as the informants mentioned. Informant 9 said,

*I would say that it has improved, that is because the tolerance for people who tries and fails has been more acceptable and understandable.*

While informant 5 said,

*Their attitude are very positive when they want to start a business, but they also know that it is not easy and it might not work out as well.*

It is as Isenberg (2010) mentioned, that changing the entrepreneurial economic system is not easy and it takes time. Culture is a part of the system and is in my opinion the most challenging one, as it is changing what the people have been taught to think, act and implement. It is about changing historical and traditional mentality as entrepreneurship is quite new and it requires certain behaviours, acceptance and act on new and bigger perspectives, which can be valuable but also strenuous. People can change but it is hard, but the municipalities must decide on where they want to go with entrepreneurship and find a strategy for its direction. With suggestions from Isenberg (2010) on things that can help is through highlighting entrepreneurial role models, showing successes and use the media and local newspapers to trigger the local community's curiosity. Their curiosity becomes a daily gossip and will spread the word about entrepreneurship, which increases the engagement and acceptance. Showing success will engage entrepreneurship to the well-established ones in the local community through media and celebrations of success.

The way the informants use the media is usually through their website or facebook, there are not much entrepreneurial activities in the region yet so there are not so much media talk about on the local newspapers. If there are new start-ups, then they will try to bring the news out as much as possible to the public or the public sector will come physically and visit the start-ups to show their support. It is not easy to use the local newspapers to talk about entrepreneurship, as they don't have the right to decide what the newspapers publish. What some of the informants are doing is to arrange entrepreneurial events in the local community and use it as a tool to attract the local newspaper and make it become more interesting. The entrepreneurs or those who succeed does get a media publicity or local acknowledge, it is usually those who have build them selves up from the bottom and had sustained their businesses or those who succeed in sports. They become the inspiration of the local community and can be a kind of a role model.

The mayors and heads of economic development, all knows about the cultural challenges and barriers, but they also have a positive attitude to face the challenge and trying to tell the local community that failures are acceptable and that in order for one to succeed, there has to be one or two failures. They acknowledges that in order for the municipalities to increase the rate of establishments, economical growth and development, they have to cheer on those who wants to change that through new ideas or businesses. In the past few years, entrepreneurship has been more introduced to the local community, more engagement from public institutes and introducing entrepreneurship in schools. The acceptance and tolerance has opened up a bit more, but entrepreneurship is still quite new for the local community. Paasi (Bolkesjø & Brun, 2006, p. 124; Paasi, 1990/91) explained in the theory that there were three different features that a regional culture has, which is material culture, culture as a human action and culture as identity. I will describe my reflexions on Lillehammer and Gudbrandsdalen based on these features:

Lillehammer and Gudbrandsdalen regions is mostly based on woods, water, animals, and mountains, naturally the culture around it would be build upon agriculture, wood- and water industries, electricity, sports and tourism. It is a historical cultural feature that has been built up from the regions natural resources for many years. It is natural resource that the local community utilises to create their own income, an informant told about two local siblings in North-Gudbrandsdalen. They used the opportunity of the regions natural resource to create a business where they offer horse riding, dog

sled and adventures. They utilised the chance of geographical location and the nature of animals to create activities to attract tourists. This is an example of how the local community in North-Gudbrandsdal utilises their scarce material resource in an agriculture environment and with an entrepreneurial drive to create their own income.

Paasi (Bolkesjø & Brun, 2006, p. 124; Paasi, 1990/91) mentioned in the theory that there are two perspectives of cultural identity, regional identity and inhabitant's regional awareness of Lillehammer and Gudbrandsdalen. The regions identity is how the political organisations and institutions maintain the economy and facilitation of entrepreneurship, which I have described earlier on this analysis. The inhabitant's regional awareness of entrepreneurship, employment and settlement is as informant 3 said,

*There is an understanding of it, but this area is not on the same level as the others in the textbooks when it comes to entrepreneurship. I think it has to do with a long tradition of agriculture as the biggest industry, also there are many "Gudbrandsdølere" (people from Gudbrandsdalen) who either work with constructions or move outside the region. So it is not like we are trying to compare ourselves to as we think how it is in western Norway.*

This shows an understanding of how a geographical location can be different based on historical traditions, natural resources and regions. The entrepreneurship is then shaped around the local resources and I interpret it, as this is the way the region facilitates the understanding of entrepreneurship through historical traditions and identity in agriculture, adventure and tourism. Informant 1 said for example, that the most common labour in Gudbrandsdalen is the agriculture industry. Then in my opinion, a child who is born in a family farm will most likely be taught by his or her parents about farming. In later years that child would take over the family's farming business, which creates a sustainable agriculture. This is also related to Polanyi (Karlsen, 2008: Polanyi, 1996) theory on tacit knowledge, where the children's knowledge about farming is learned from practical actions that are taught by their parents.

This is the culture that has been for a long time and is hard to change, but by introducing entrepreneurship to the agriculture and also, tourism then the local community can better their thoughts on "thinking outside their box". This enables innovation within their culture that they are most familiar and comfortable with.

Though it is still a setback in region and it has been that way for some time but it has been changing in the past years as economical entrepreneurship was introduced and more focused on. Informant 10 mentioned that the local community has gotten a better understanding of it, especially those who are social engaged and they see the importance of developing labours, which can be possible through entrepreneurship.

### **4.3 Business Network**

Local and regional businesses have always strived to increase their competitive advantages for economical growth, Dale et.al (2004) explained in the theory part that collaborations between businesses strengthens their competitiveness by sharing knowledge, resources and costs.

Developing on existing clusters will work more financially and those who are already located or are in relations already know the systems and resources (Isenberg, 2010). I will in this part of the analysis basically explain whom the informants connect with locally and regionally or if they are a part of a cluster, also how they create arenas for entrepreneurs. This is to get a basic view of how the network in Lillehammer and Gudbrandsdalen is structured in an entrepreneurial ecosystem.

Informant 1,2,3,4,7 and 8 explained that they are not in any kind of clusters but they have business networks in tourism, those businesses are not necessary located on the same place but they collaborate with projects. The network consists of both public and private businesses. Solem & Pettersen (2004) describes this type of a network as less structured as it does not involve each other so much on the activities and do not have any strict rules for relations. This type of network works on short-term projects for economical growth. The informants are not directly involved in a cluster but they are working towards creating one and are still in small networks. The informants strengthen the business network through keeping relations regionally with institutes such as Innovation Norway and LGKP by supporting their networking activities. The arena is facilitated to entrepreneurs through LGKP and Innovation Norway's programs and courses regionally as municipalities are small. They noted that they are satisfied with the institute's activities and are doing a good job. As these businesses are quite small, then they can be in a regional innovations network as Cooke (Isaksen & Asheim, 2008; Cooke, 2001) explained in the theory, it is network that connects small businesses with bigger businesses in order to increase the innovations activities.

Informant 5,6,9 and 10 described their involvement as in indirectly and directly clusters and has created a co-location for business environment. It is not industry-based network, which is more the meaning of what a cluster is, I see it more as a co-working space or incubator where different businesses are located in the same office and be in a part of a community where knowledge can be exchanged. The municipality work as a facilitator and uses the cluster methodology to gather businesses and try to create collaborations. Though, one of the informants mentioned that they were a part of cluster and had ambitions to create a co-working space, the content of the cluster and what kind was not mentioned and which I cannot make any assumptions of it. This type of network shows similarity to Cooke's (Isaksen & Asheim, 2008: Cooke, 2001) theory on facilitated regional innovations systems, it is about building networks that already exists to increase innovations ability and start-ups by providing knowledge and tools.

Businesses who collocate in an incubator or co-working space have the chance to increase their social capital as Mitra (2012) and Førde (2006) mentioned in the theory. By collocating in social networks, businesses can build trust among the community, collaborate and share costs. Those with a wide network can build relations with great values, which can affect the local community's attitude towards the businesses. That enables better access to supplies, markets and institutes in the society.

#### **4.4 Knowledge and Regional Learning**

Knowledge and learning is a fundamental process and resource for an economical development for innovation, Karlsen (2008) mentions that it will increase employments within specialised social tasks, more people gets educated and more businesses established. That is why it is important that both the public sector and private sector in Lillehammer and Gudbrandsdalen to always develop knowledge and learning, which can be used to facilitate entrepreneurship to the local community. Berger & Luckmann (Karlsen, 2008: Berger & Luckmann, 1996) explained in the theory about the two types of knowledge, which is experience knowledge where knowledge is shared through communication between two persons or observation of actions, and creating knowledge where knowledge is questioned or discussed on theoretical frameworks and logic about behaviours and actions. I will now analyse how the informants facilitates knowledge development and learning within their municipalities or region.

Lillehammer and Gudbrandsdalen have taken the steps forward and are currently introducing entrepreneurship as early as in kindergarten in an entrepreneurship school. Others have introduced entrepreneurship in elementary school through programmes from Ungt Entreprenørskap, while junior high have a short practical student business course. There is still no subject for entrepreneurship or economy in high schools. Informant 2 had an interesting view of entrepreneurship and introducing it early in schools and said,

*Entrepreneurship is understood as a team that are unique; there is someone who is extroverts, which is the seller then there is the doer who are more cautious and creates products and being creative who is introvert. We are dependent on both the extroverts and introverts and is important that the young ones are put on these teams to see who suits best for each part, as this is what it is in the real business life. The schools are not assertive enough because it is meant to teach, but the schools can also learn from the young ones.*

An early introduction of entrepreneurship makes the local children more aware of the entrepreneurial possibilities when they grow up, they can be more creative and expand their knowledge to utilise the natural resources that surrounds their geographical location. Through Ung Entreprenørskap's programs, the pupils will learn to use their creativity to solve a certain task or project based on entrepreneurship. Informant 7 mentioned about the pupils in their municipality was given a task to open a store in an empty location in the town. They went through with the classical sports shop, but the point was to use their creativity and make them see themselves as an entrepreneur to utilise an empty location of their interests. It opens for a lot more possibilities for ventures and innovation, and most of all the engagement and behaviours of the local community towards entrepreneurship will be more appreciated. This describes Berger & Luckmann (Karlsen, 2008: Berger & Luckmann, 1996) theory of explicit knowledge where knowledge is transferred from written textbooks to schools and over to the pupils.

Knowledge development within the public sector is the most important process, as they are the ones who implement the policies for the business and the public services. In order to facilitate entrepreneurship, networking and guidelines, the public sector needs to achieve sustainable knowledge to increase the knowledge flow within the local community. All of the informants described the approach to knowledge development within their municipality, as the mayor and heads economic



development, their job is to inform their employees of all the political cases that are important and which they must influence the processes in the municipality's work. They often do their work out in field and would as much as possible bring the employees with them to visit new businesses, interact with new people and learn as much as possible of the processes that are present. Also be a kind of a driving force for the municipality, they see the importance of focusing on knowledge development and to learn about innovation and thinking new as they are the public sector and it is extremely important for the municipality's future. The informants usually have many various tasks to do, as most of the municipalities are quite small, which makes it hard to focus on one specific thing but they try to get an understanding of it.

Informant 6 and 7 said that there were not so much entrepreneurial knowledge development activity within their municipality that is because of their resource and time. Those who work as a mayor or heads of economic development are often people who had a competence within entrepreneurship and business and that are where the knowledge is gained. The Informant also mentioned that they are in a middle of a municipality reform, therefore they cant focus too much on knowledge development just yet. This shows Jakobsen & Onsager's (2008) theory of the region's delegated responsibilities and which increases the challenges strengthening innovation including knowledge, which are in this case municipality reforms. The informants do not have a strategy for knowledge development and states that there is a need for it. When the reforms takes place then it would be possible to sharpen their knowledge development as they would have to be experts in some areas instead of an all around worker.

Informant 9 mentioned the importance of creating an arena for the three municipalities that are going to merge, it enables development of knowledge sharing and an increase in competitiveness through locating close to each other. The municipality leaders that have merged will govern this, an arena for collocating develops stronger bond in friendship, trust and power between the actors and is similar to Norman et.al (2013) theory on regional collaboration. Norman et.al (2013) describes the development dynamic that the actors and processes can combine resources in the most optimal way within their region. When the municipalities merge, it would bring the opportunities to develop working plans through former boundary lines and can utilise materials such as roads, humans and industries and also immaterial such as transportation plans, knowledge etc. Also, by changing the system and processes keeps the municipalities from heading towards a "lock-in" or path dependency as Martin & Sunley (2006) explained in the theory.

As for the public sectors way of facilitating knowledge to the businesses in the municipalities informant 1 explained one of the challenges in their municipality and said,

*It is there that we are having a hard time, the systematically work is hard when we are small. We might not get enough businesses to apply for the entrepreneurial courses, they seem to avoid it because they say they don't have the time and have to work with our businesses, and we don't have time for innovation and knowledge to use time on it.*

The reason is mostly because the businesses are small, but also that they seem not to be sure what it means to attend these courses, what knowledge they can get and why they should attend. It can be a cultural challenge for them, as all of entrepreneurial methodology seems so new, but the way the municipalities handles it is by using Innovation Norway's programs where they go directly into the businesses and help them with their economical growth. This is a good example of using a regional network and relations, to help out on those problems that the municipalities are having a hard time handling, these institutions work as a "supporting institution" in the regional innovation system theory by Cooke (Isaksen & Asheim, 2008: Cooke, 2001).

The municipalities and the region are in a regional innovations system, a system that gathers different needs of support for learning, knowledge and innovation into an environment (Isaksen, 2013). Isaksen & Asheim (2008) explained that the region is divided by two systems, while first is the public sectors focus on businesses, where they facilitates clusters, incubators and co-working space as I have mentioned in the analysis. The second system is spreading knowledge, learning and where the knowledge infrastructure consists of universities, college, research and development. I will explain further now on the municipality's entrepreneurial relations with academia and research environment.

As I have mentioned earlier, knowledge and learning is a fundamental process to increase the economical growth. Therefore it is important to have relations and networks locally and regionally with academia and research institutes, these relations can increase the knowledge flow and innovation activities. Informant 1, 2, 3,4,5 and 6 mentioned that they don't have any systematically involvement with the universities or research institutes. They have only used the offers that they have gotten from

Lillehammer University College, which is an innovations course for a short period that will teach the municipal employees about the importance of innovation. A connection with the academia and research is needed for the municipalities for a better development and growth as, Informant 4 said,

*We don't have any long lasting relations with the academia and research institutes in our municipality, we have a lot to gain from it because there lies a competence and knowledge that we don't have today and would be a great source to become a better developer.*

Informant 7, 8, 9 and 10 explained that they have a good collaboration with Lillehammer University College and that is the way they connects the municipal and regional organisations. They also use the innovation courses provided by the academia, also used competence from academic environment in Gjøvik and Raufoss to be an inspiration in political meetings. Østlandsforskning has also contributed to innovation and economical development.

This information shows that Isaksen & Asheim's (2008) second system on the regional innovation systems in Lillehammer and Gudbrandsdalen is not quite satisfied or utilised. There are still many municipalities who do not have strong enough relations with the academia and research institutions that it will "push" the innovations activity within the region or municipality. This situation can be associated with Spilling's (2006) strong and weak ties, although it is originally in businesses context, I will use it in public sectors context. The weak ties is the relation that the municipalities has with the academia and research institutes, they have less relation to each other but they utilises short and fast projects for knowledge development, which can be helpful for small and quick changes. The strong ties are when the municipality's creates a close relation to increase their knowledge development over time. Also, creating a collocation where the relation strengthens trust and reciprocity.

Even though there are not big relations with the academia and research institutes, there are still some relation between the municipalities in the Lillehammer and Gudbrandsdalen. How strong the relation is depends on where those municipalities are located, the strong relation follows the divided regions of north where they have 6K Næring, middle has business in focus and south collaborates mostly with the neighbouring municipalities. However, there are still collaborations throughout Lillehammer and Gudbrandsdalen where they gather for meetings and work on a project for better business development, planning and create an environment for it.

All of the municipalities have a connection with Lillehammer and Gudbrandsdal Knowledge Park, some have stronger connections and others less.

#### 4.4.1 Knowledge Sharing within the Local Community

This part of the analysis considers the businesses perspective and their relations and knowledge sharing and it is based on the information from the research field.

Lillehammer and Gudbrandsdalen are as mentioned earlier in this analysis based on agriculture, adventure and tourism, therefore most of the local businesses is farming, tourism based activities, hotels or restaurants. It is often family based businesses that have been in the community for a long time and where the younger generation takes over the family businesses when they get older. The young generation needs to find further possibilities and alternatives for the businesses in order to stay away from stagnation, also to keep their social reputation and values in the local community. This relates to Mitra's (2012) theory on embeddedness, the earlier entrepreneurs increase the entrepreneurial spirit of the new generation to maintain their status.

Informant 8 said,

*The businesses of food and food production often share a lot of knowledge, if there are one of them who rises then the other ones will also.*

This shows a part of Ellison et.al (Mitra, 2010: Ellison et.al 2010, p:280-1) theory on agglomeration. Food production businesses locate near each other to increase the flow of knowledge and exchanges, also the municipality is quite small then it opens for a better supplier to customer relations, which reduces transportation costs. Also, they can gain a better specialisation for food productions and possible new ideas for innovation.

In those cities or villages in Lillehammer and Gudbrandsdalen that have either have incubators, clusters or co-working space with increasing activities has a bigger chance of knowledge being spread. Bathelet et.al (2005) described how knowledge could be shared locally, which is through a "local buzz". The "buzz" is information or knowledge received through individuals who meet each other randomly or appointed meetings to share their interests. Those individuals who work in a business located in the incubators, clusters and co-working spaces in Lillehammer and Gudbrandsdalen

will most likely have a conversation with other businesses located there. It could also be with other businesses in their lunch-time in the local cafeteria, this “buzz” increases the knowledge flow around the local community and the information that flows around might be interesting for another person, which might come up with a new innovation.

## 5.0 Summary and Conclusion

I will on this chapter summarise the analysis and highlight it towards my research questions. This part will summarise how the municipalities of Lillehammer, North-Fron, Sel, Lom and Dovre utilises their resources and how they facilitate and organises entrepreneurship for the local community. Then it continues towards the challenges of the regions entrepreneurial culture and their network, the end will summarise how the municipalities facilitates entrepreneurial knowledge within the municipality and their local community. These themes will conclude my research questions in this master thesis.

### 5.1 Organisation and Facilitation of Entrepreneurship

To evaluate how the municipalities organise and facilitate entrepreneurship for the local community, I have then researched on the municipality's capabilities and methods of facilitation through interviewing the mayors and heads of economic development. This is based on their point of view as the role models and political leaders of the local community and region. I will therefore highlight my research question of:

*How should the municipalities facilitate their resources to engage the local community in entrepreneurship and innovation?*

It is essential that the municipality leaders focus and engage in entrepreneurship and development within the local community, the mayors and heads of economic development have stated that it is their main priority but it is different how it is being said and what is being done. Entrepreneurship and innovation is still new for Lillehammer and Gudbrandsdalen and which put them on the early stage of development. It consists of basic facilitation of guidelines, courses and small funds, and the municipalities seem to be dependent on external facilitations of entrepreneurship from Innovation Norway and LGKP in order for start-ups to grow. The municipalities are small and with low innovation activities as it is stated that there are not enough people taking risks, but there are a lot of natural resources that can be utilised especially within agriculture and tourism.

### 5.1.1 Conclusion

The public sector for entrepreneurial facilitation, the municipalities need to challenge them selves and always learn to manage innovation to improve their processes in how the facilitation is delivered. Some public sector leaders have stated that innovation is not done strategically, which is an important factor for a successful entrepreneurial development in the region. It can be improved through acknowledging that a change is needed and strategically develop a plan with clear vision that may work for the region through learning from other region's success. The municipalities can map over what their weaknesses are and create a strategy on how to make it their strength, they need to be proactive on their entrepreneurial processes in order to build up an acceptance for entrepreneurship in the environment. The public sector should be the first customer for start-ups and give feedbacks so that they can further develop their products, also make innovative procurements with demands that push the businesses to increase their innovative activities.

## 5.2 Culture

For innovation in public sectors to succeed, there needs to be an strategy for it and also implemented in the municipalities organisational culture. To create a sustainable entrepreneurial culture within the local community an engagement from the public sector is needed to work as a role model, also highlight the tolerance for risk taking and mistakes. It is a political process that needs to be implemented early and over time in order to achieve a better economical growth. I will then highlight the answers towards my second research question, which is:

*Do Lillehammer and Gudbrandsdalen have a sustainable entrepreneurial culture?*

There is a historical background towards acceptance of entrepreneurship or creation of businesses regarding the culture within Lillehammer and Gudbrandsdalen. There are still fragments of the *law of Jante* within the region, which makes it difficult for the local community and the public sector to engage in entrepreneurship and innovation. The mentality is still there and it seems like the local community still is not aware of the term of entrepreneurship and do not engage in it. The culture in Lillehammer and Gudbrandsdalen is a rigid society with requirements to abide by the

rules and frameworks, though it has been on the better side these past years as the new economical entrepreneurship was introduced. It is still not normal for the local community to cheer up those who makes mistakes and fail, it is rather prove that you're successful and we will cheer you on from there. The mayors and heads of economic development are aware of the situation and hold a positive attitude towards entrepreneurship and know the importance of it.

### 5.2.1 Conclusion

Changing historical culture is hard and takes time as stated by Isenberg (2010), as mentioned entrepreneurship is still quite new for the local community and that is why the public sector needs to be proactive regarding facilitation and “feed” the local community with stories of successes, risk and failure tolerances, arrangements and use the media. Lillehammer and Gudbrandsdalen are mostly based on agriculture and tourism, by enhancing entrepreneurship and innovation to the local community will further increase their knowledge and opens for opportunities to further develop their methods and equipment. The public sector should manage a culture for their staff to involve in creating an entrepreneurial environment, the leaders should then provide and aid and facilitate innovative directions and processes. The local community need to know more about the value of entrepreneurship and what it means for economic growth, which requires the leaders to remove their fear of failures and create opportunities. People are afraid of taking risks, but in order to lower the barrier the public sector also need to take risks in projects and arrangements and share stories that will help the next generation of entrepreneurs.

Lillehammer and Gudbrandsdalen does not have a sustainable culture for entrepreneurship just yet, there are still barriers that needs to be worked on through strategically plans and implementations. It is a long process but it is important that it is always processed and moving forward. A sustainable culture for entrepreneurship will open opportunities for an acceptable environment among the local community and possibly recruit new employees and create labour. The employees within the public sector should be included in the development of an entrepreneurial culture and with safety to share ideas and recommendations and give those who are proactive an incentive for their hard work.



### 5.3 Network and Knowledge Development

Local and regional businesses strengthen their competitiveness through locating near each other, collaborate and share their knowledge and resources. In addition to facilitating first line guidelines, the public sectors also facilitates clusters, incubators and external networks that will help the entrepreneurs to further develop. This requires great knowledge and learning to create a fundamental resource for an economical development for innovation, continuous development of knowledge enables people to be more educated and raises the opportunity to establish their own businesses. I will now highlight my last research question, which is:

*How can the municipalities increase the entrepreneurial knowledge flow, learning and development within the region?*

The municipalities are involved in a business network that is not necessary collocated but it is mostly within the same industry, which is tourism. They are not in any clusters but use the methodology, though one of the municipalities stated that they are in a cluster but further explanation were not provided. The business network is strengthened through relations with external networks such as Innovation Norway and LGKP. The way the municipalities facilitate networking is through creating collocations for various businesses in a co-working space or incubators.

Lillehammer and Gudbrandsdalen have taken the step forward and starting to introduce entrepreneurship in schools as early as in kindergarten through high schools. They use the programs provided by Ungt Entreprenørskap and for businesses they use programs from Innovation Norway for further development, knowledge and management. The mayors and heads of economic development works to inform their employees of all the political cases and encourage them to engage and influence the processes of the municipality's entrepreneurial work. Though, there is not so much specific knowledge development activity or development within the municipalities and it is not their main focus. They have stated that there is a need for a strategy for entrepreneurial learning and sees the importance of it. The municipalities are small and struggle to engage enough people or entrepreneurs to apply to their courses and receive statements that they don't have enough time or resources. It is lightly handled through engaging Innovation Norway to visit businesses and mentor them from the "inside", which is a good way to use the regional network. There are various connections with the academia for the municipalities, some uses them more in

projects and courses while others do not. The municipalities do not have strong enough connection with the academia and research institutions, which is necessary for further knowledge, learning and an increase in innovation activities. The network that they have is just for projects and not utilised in any other knowledge development strategies. The relations that the municipalities have with each other are divided in to north and middle Gudbrandsdalen and Lillehammer region, where they cooperate with the neighbouring municipalities in projects. The knowledge flow within the local communities are spread through agglomerations between businesses or co-working spaces and through a “local buzz” where individuals randomly meets and interact with each other randomly and talk about their work.

### **5.3.1 Conclusion**

It is stated that the municipalities do not have a strategy for knowledge development, which is something the municipalities should have in order to increase the innovation activities. The leaders can engage their employees to continuously learn more about entrepreneurship and innovation and have it on their strategy plans. They can be learned from successful cases of implementations in developing entrepreneurship, highlight the benefits of innovation, establishing demonstration projects and more of social marketing. By working actively with knowledge learning, the leaders and employees can anticipate and prevent problems before it occurs, it is about making changes and creates rules, networking skills and leverage resources. Entrepreneurial knowledge should not just be a project but an everyday learning and thrive to work towards certain goals and achievements for better services. The municipalities can learn from their successes and failures and find a way to make it better, this will open up the opportunities for more creativity and a better entrepreneurial culture within the public sector.

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Lest: 10.06.2016.

# Attachments

## Interview Guide

### Innledning

Hei! Jeg heter Erik Thanh Tran og studerer master i Entreprenørskap, Innovasjon og Samfunn ved NTNU i Trondheim. Jeg jobber for tiden med masteroppgaven min med temaet "kultur og organisering av gründerskap og næringsutvikling i Lillehammer og Gudbrandsdalen". Målet med intervjuet og oppgaven er å kartlegge kommunens og regionens "jordsmonn" for næringsutvikling, og finne ut hvor dere legger ressursene for å gjøre det best mulig. Intervjuet varer ca. 1 time.

### Intervju om kommunens og regionens kultur og struktur for innovasjon og gründerskap

#### Næringsutviklingens plass i kommunen

For å utvikle ny virksomhet er vi avhengig av ledere som heier på annerledestenkende slik at det dannes et arbeidsklima der det er lov å feile, og der det attraktivt å tenke annerledes, utfordre satte normer og utvikle kreativitet.

1. Hvor viktig er gründerskap og næringsutvikling for dere?  
Til ordføreren: Hvor høyt prioriterer du gründerskap og næringsutvikling på din politiske agenda sammenlignet med andre politiske saker?
2. I media, hvor opptatt er dere av å fremme gründerskap og innovasjon?
3. Hvordan jobber dere med kompetanseutvikling i næringsutvikling innad kommunen?
4. Har dere "åpen dør" for gründere og de som arbeider for næringsutvikling?

#### Tilrettelegging for næringsutvikling

1. Hvordan legger dere til rette for at gründere skal ha gode vekstvilkår?
2. Er dere opptatt av å skape møteplasser hvor gründere kan møtes for erfaringsutveksling og gjensidig støtte?
3. Hvordan hjelper dere gründere med å utvikle seg og sine produkter og tjenester:
  - Hvilke eksterne samarbeidspartnere bruker dere

#### Vekstforhold for gründere

Ut fra din bedømmelse, hva er ditt inntrykk av hvordan folk i kommunen, la oss kalle det "folkemeningen" eller "folkeopinionen" mener om:

1. Gründere som prøver, men mislykkes. Får de klapp på skulderen og hjelp, og støtte til å satse videre?
2. Er det forbundet prestisje med de som satser på nyutvikling og tar risiko?
3. Er gründerskap sett på som en virksomhet som gir status?
4. Generelt; er det er lov å feile, gir det status å tenke annerledes og utfordre satte normer?

5. Er det en generell forståelse for at næringsutvikling og innovasjon er viktig for sysselsetting og bosetting.

### **Kommunen som innovasjonsaktør**

En kommune er også en kjøper/mottaker av produkter og tjenester. Regelverket for offentlig innkjøp åpner for "innovative anskaffelser", som gir det offentlige et mulighetsrom for å stimulere til innovasjon og spin-off også hos lokale/regionale leverandører/gründere. Har kommunen en strategi for å

1. utvikle tilstrekkelig kompetanse på området for å utnytte mulighetsrommet
2. utnytte mulighetsrommet der for å stimulere til innovasjon hos leverandører

### **Suksesshistorier**

Har dere gründereksempler:

1. som kan inspirere ungdom og andre som vurderer å satse
2. som kan vise at vanlig folk også kan bli gründere?

### **God nok gründerhjelp**

1. Har dere, eller har dere knyttet til dere, eksperter på selskapsetablering, økonomistyring, rettighetsproblematikk (patent, designbeskyttelse, varemerkebeskyttelse)
2. Arbeider dere aktivt med å skaffe profesjonelle styremedlemmer til gründerbedrifter og bedrifter generelt?

### **Risikokapital**

1. Fins det investorer i regionen med risikokapital til bedrifter i oppstarts- og utviklingsfasen
2. Fins det investorer som kan bidra som mentorer og med sitt nettverk
3. Er banker og leverandørbedrifter fleksible med hensyn på betaling for å hjelpe likviditeten til unge, rasktvoksende gründerelskaper

### **Rekruttering**

1. Hvor tidlig ute er dere med å introdusere entreprenørskap til ungdommene?
2. Har videregående skolene i kommunene undervisning i entreprenørskap og økonomi?
3. Promoterer dere entreprenørskap i samarbeid med andre kommuner? Som for eksempel arrangementer eller konkurranser.

### **Infrastruktur**

Er det utfordringer med infrastrukturen:

1. Transport – veg, bom, tog
2. Kommunikasjon – fiber, bredbånd, mobil

## Klyngeutvikling

1. Er kommunen involvert i eller jobber med å utvikle klynger?  
(Hvis de spør hva en klynge er: En samling av bedrifter innen samme bransjer i en region som både konkurrerer og samarbeider med hverandre og på den måten skaffer seg kompetanse og konkurransefortrinn. Eksempler i Gudbrandsdalen. Gulvstøping, Anleggsbransjen, Regnskapsbransjen)
  - Hvis ja, hvordan jobber dere med å forsterke klyngene?
2. Har dere eksempler på at dere bygger langsiktige relasjoner med universiteter, forskningsorganisasjoner og høyskoler for å arbeide med kontinuerlig kompetansebygging med mål om innovasjon og næringsutvikling.

## Utviklingskompetanse

1. Fins det utviklingsorienterte investorer, regnskapsførere, revisorer, designere, osv. i lokalsamfunnet som ønsker å være en del av miljøet rundt gründeren som mentorer for å hjelpe de fram?
2. Er det noen potensielle kunder (bedrifter) som er villige til å gi råd om nye produkter og tjenester?
3. I hvor stor grad samarbeider dere om næringsutvikling med andre kommune i Lillehammer og Gudbrandsdalen?
  - Blir dere involvert i prosjektene deres?
  - Formidler dere aktivt deres utviklingsplaner til de andre kommunene?
  - Har dere felles forum med andre kommuner der dere kan dele prosjektideer og kunnskap?