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**Striving for Local Development –
Brokering firm networks in the North of Europe¹**

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ABSTRACT

Under the impetus of the European Commission, regional development policies across Europe increasingly promote initiatives aiming at fostering innovation, entrepreneurship and growth in the region. In that process, firms seem to be the central link enabling policymakers to deliver on these promises. More precisely, SMEs, the most common type of working place in rural and peripheral regions, are at the heart of that challenge.

Yet, it seems that business support policies are stuck between a rock and hard place: on the one hand, the need to foster growth and help regional businesses to thrive; and on the other hand, the imperative to ensure fair competition limits the possibilities for direct support, e.g. in the form of subsidies. In this framework, publicly-induced firm networking are increasingly seen as an

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innovative way of approaching the challenges of regional development policies. Networking is a means for achieving a sustained growth and development of regional firms. Consequently, the objective of network activities is to improve the performance of the firms, and thus the overall competitiveness of the regional economy. The paper proposes to investigate the process of network brokering, on which the current regional studies literature offers few accounts.

In this paper, the author proposes a guided tour of the firm networking initiatives undertaken by regional actors in the North Swedish. Besides the regional authorities, which often contribute through the implementation of national and European instruments and programmes, the author shows that the operationalisation of such network initiatives is eventually undertaken by a multitude of organizations, labelled as network brokers. Yet, network brokering, i.e. the action of facilitating the development of business relations and partnerships between firms, is a process that goes beyond the mere matchmaking exercise, as it requires a sharp understanding of the policy and economic contexts in which firms are subject to, both regionally and globally. The author further advocates that efficient brokering also requires a dense web of relations with other network brokers, at all levels from the local to the global. Consequently, network brokering reveals itself as a complex, multi-scalar practice whose end-goal is to help small firms finding a reliable business partners in other parts of the region, Europe or even worldwide.

In the Northern Swedish case, the small-size of the regional economy implies that most growth opportunities for firms need to be sought outside the region. In that respect, network brokers need to find ways of fostering a tailor-made approach to the internationalization of business activities of small firms.

The paper is based on empirical material collected through a set of interviews and desk research in the framework of the FP7 DERREG project. The paper reviews the main network brokers and pertinent network initiatives found in Northern Sweden and provides a thorough account of the main features of the process of initiating and managing such networks, the main expected benefits for firms and the outline of successful practices in brokering networks. The paper focuses especially on initiatives involving small businesses located in the most remote and rural parts of the region, and the specific challenges that it entails. Finally, the author discusses how network brokering offers a renewed, more pragmatic approach for undertaking regional development policies in the European Union.

INTRODUCTION

Inter-firm networks have received a lot of attention in the past decades from researchers in regional studies. The underlying reason for that is that firm networking is not solely an issue for the firms as such, but it also touches upon the mechanisms of regional economic development. Indeed, whereas firm networking is undeniably a process of establishing and maintaining business relations between firms, extensive literature has shown that other actors, and especially ‘public’ actors, i.e. actors aiming at consolidating the public good, may have both a strong stake and a clear role to play in this process of network formation.

Extra-firm networks (Yeung, 2000), i.e. the web of relations between a firm and institutional actors, play an important role in fostering the development of new *inter-firm* relations. The literature has shown that interfirm cooperation is one way of overcoming resource constraints for small businesses (Hanna and Walsh, 2008) and of making up for processes that cannot be internalized by a small firm (e.g. R&D or marketing). By the same token, *extra-firm* relations palliate to processes that the firm cannot achieve through its inter-firm connections, and thus the institutional actors act as a resource for the small businesses.

This picture portrayed here is not novel. Economic geographers have already, in the 1990s, evoked the important role played by institutional actors in regional development processes, and on the capacity of the businesses located within their sphere of influence to perform well. Such relations have been conceptualised, for instance, in terms such as *institutional thickness* (Amin and Thrift, 1994), *associational economy* (Cooke and Morgan, 1998) or *innovative milieu* (Camagni, 1995; Camagni and Maillat, 2006).

This increased awareness of the role of institutions in regional economic development has translated into an enhanced self-awareness by the policymakers that they have an important role to play *vis-à-vis* firm and regional development. This renewed engagement took more often than not the form of network initiatives aiming at boosting economic development by supporting firms to broaden and consolidate their interfirm networks (Hanna and Walsh, 2008; Huggins, 2000).

Clearly, most of the resulting network initiatives are *territorialised* in the sense the relations they promote are localised, or even confined, within a certain territory: local initiatives foster local clusters, regional initiatives regional clusters, and national initiatives national clusters (e.g. poles of competitiveness in Finland or France). The most emblematic one has been the hype of the *cluster* approach. Seminally understood as a phenomenon of concentration-specialisation at the national level (Porter, 1990), cluster approaches have flourished at all levels of the policymaking spectrum, often leading policymakers to believe that creating clusters is the *nec plus ultra* of regional economic development initiatives. Consequently, it seems that the propensity of institutional actors to think firm networking as a territorially-bounded relational is translated into territorial development policies that “produce geographical proximity institutionally as a privileged mode of economic interactions” (Torre and Rallet, 2005).

Our understanding is that such cluster approaches can be successfully implemented in business environments that are sufficiently dense, in geographic and sectoral terms, so that geographic proximity provides an add-on effect on the attempt to increased organizational proximity between the firms. Yet, it is doubtful that such approaches are pertinent in remote rural areas, in which firms are often scattered across the territory. We argue that in such territorial settings networking strategies can be undertaken successfully, but such network initiatives need to focus on the development of *extra*-local relations rather than of *intra*-local relations, as in cluster approaches.

A further focus in the literature related to policy-induced network initiatives has been on the role intermediaries in the networking process. Clearly, policymakers are no businessmen. Previous research has shown that the direct involvement of institutional actors in steering the process of firm networking may be a liability and lead to the failure of the initiative (Huggins, 2001). In that respect, the engagement of institutional actors in firm networking needs to be translated by the involvement of intermediaries that fill in the gap between the policy world and the small business world. Consequently, the support provided by institutional actors is essentially financial (Hanna and Walsh, 2008), whereas the role of intermediaries is to provide operational support to facilitate the networking of firms. The role played by such intermediaries is all the more important in the case of regions which do not have a long-standing network culture (Perry, 1996). Such intermediaries are commonly referred to as *network brokers* in the literature on small firm networking (Huggins, 2000; Hanna and Walsh, 2008).

This paper presents preliminary findings of an investigation of the process of the policy-induced network initiatives in a peripheral and sparsely populated region of Europe, i.e. the Swedish region of Övre Norrland. The study especially investigates the role of such intermediaries in supporting small rural firms for developing international networks. The market of the Övre Norrland region being small and remote from the main European markets, the development of business activities is strongly dependent on the capacity of businesses to reach out to extra-regional market opportunities.

The paper first introduces the landscape of the region related to business and network support, by presenting the different organizations involved in the process. It further elaborates on the ‘brokering advantage’ that different types of brokers have, linked to the broker’s specific characteristics. The paper then continues by presenting the main features of the process of network brokering in the region: the involvement of small rural firms, the initiation phases of the network, the main objectives of the firms and those of the network brokers, and finally the specific challenges of brokering of networks in a rural setting.

The empirical material has been gathered through structured interviews of representative for network brokering organizations located in the Övre Norrland region. The set of network brokers was representative of the diversity of such intermediaries.

ON NETWORK BROKERS

The notion of network brokering is the central conceptual feature of the present paper. The notion will be investigated empirically using the processes in Övre Norrland as a case study. The literature on interfirm cooperation has discussed many accounts of the role of intermediary organizations in processes of interfirm cooperation (Perry, 1996; Huggins, 2000; Huggins, 2001; Hanna and Walsh, 2008). The present study builds on this literature and proposes an outlook at the network brokering process in a Swedish peripheral region. Especially, we investigate the added-value for firms to be part of such policy-induced networks, compared to purely inter-firm process, such as the ones based on customer-supplier relations.

Network brokers are organizations that support firms in developing cooperative networks with other firms. In Northern Sweden, most of these intermediary organizations are funded by institutional actors, but some, essentially the trade and sectoral associations, are funded through the fees of their member-firms.

The ‘intermediary’ nature of such organizations, usually non-profit organizations, is related to their role as connectors between the world of institutions, and the one of small businesses. The literature emphasizes the need of such intermediaries to be neutral (Hanna and Walsh, 2008). We understand the role of those intermediaries as twofold. On the one hand, they need to translate the engagement of institutional actors and the funding incentives they are able to provide into concrete network initiatives. Consequently, the intermediaries act as the operational arm of policymakers when it comes to firm networking support. On the other hand, the intermediaries’ main task is to facilitate cooperation among small firms (Hanna and Walsh, 2008). One big part of the work of the network broker is to build trust between them and the participating firms, but also among the firms, while at the same time securing the network meets the expectations of individual firms, which is often the firms’ financial benefit (Hanna and Walsh, 2008).

The review of the institutional landscape related to public policies on business support and network initiatives in the region of Övre Norrland shows that there is a large diversity of organizations working in that field.

The spectrum of network brokers varies, first of all, substantially with regards to the main shareholders and the organizational setting. In that respect, it seems that each broker represents a unique combination of those. Indeed, whereas the main shareholders for both the Business enterprise organization and Region Västerbotten consist of municipal authorities, the organizational setting is much different: business enterprise organisations are typically owned by single municipalities, whereas Region Västerbotten is a coalition of all the municipalities in the Västerbotten County.

The network brokers are also much differentiated in terms of their level of operations. Typically, the local brokers operate within the limits of their municipality of origin. This is for instance the case of the local sections of

Företagarna and the municipal *Business development organization*. For the brokers operating at the regional level, the situation is somehow more complex. Some regional brokers are established at the national level, but due to a decentralised structure in regional offices, the brokers are able to develop regional operations. This is for instance the case of *ALMI Nord*. Other regional brokers are established through a partnership between educational centres and territorial authorities, but with the mission of developing activities throughout the region. This is the case for the business incubators *Centek* and *Uminova*. Other regional brokers are established through the coalition of regional firms. This is the case of the *Chamber of Commerce*, which is, in Sweden, organized by County, and the national sectoral association *Industrial Development Centres*, organized in 15 regional offices. In these cases, each regional office operates rather autonomously from the other regional entities found in Sweden. Finally, some brokers are the regional representations of national agencies. For instance, the *Swedish Trade Council* and the *Swedish Agency for Growth* have operations that are organized in regional offices, and focusing on supporting the regional businesses.

Figure 1: Overview of the main brokers operating in Övre Norrland

Brokering organizations	Main Shareholders	Level of operations	Description
Business Enterprise Organization	Municipal authority	Local	Organization supporting local businesses and fostering entrepreneurship in the municipality.
<i>Företagarna</i>	Firms located in a municipality (fee-based)	Local	Local section of the national enterprise organization <i>Företagarna (The Entrepreneurs)</i> .
Region Västerbotten	Municipal authorities	Regional	Partnership between the municipal authorities of the Västerbotten county in order to foster economic development and entrepreneurship across the County
ALMI Nord	State, regional authorities	Regional	National organization organized in decentralised offices. Support for starting businesses and innovation. Access to risk-capital.
Chamber of Commerce	Firms located in each county (fee-based)	Regional	Swedish CoC are organized at the county level. Provides counselling essentially on regulatory matters.
Industrial Development Centres <i>(Industriella Utvecklings Centra)</i>	Regional SMEs	Regional/ National	National Sectoral association decentralised in 15 regional sections. Each of the sections has a particular sectoral focus adapted to the specificity of the regional business environment: IUC Norrbotten targets small and medium-sized firms in the manufacturing, wood-processing and electronics industries; IUC <i>Trä</i> Västerbotten focuses exclusively on wood-processing industries.
Centek	Luleå University, Piteå and Umeå municipalities	Regional	Business incubators with focus on business development and innovation processes in the Norrbotten county.
Uminova	Umeå University, Umeå municipality, Regional council	Regional (but essentially around Umeå)	Business incubators with focus on business development and innovation processes in the Västerbotten county.

Swedish Trade Council (<i>Exportrådet</i>)	State	Regional	Supports the internationalisation of business activities of Swedish firms. Organized through decentralised regional offices in each county and abroad.
National Agency for Growth (<i>Tillväxtverket</i>)	State	National/ Regional	Implements the national policy for growth and entrepreneurship. Regional offices are in charge of the supervision of the implementation of the EU Structural Funds.

The specific advantage brought by the different brokers becomes rather clear. The various brokers are embedded in varying organizational structures which enable them to draw on different contact networks based on the nature of its shareholders, their sphere of influence, as well as the relations between them.

FORMS OF BROKERED FIRM NETWORKS

A network initiative is understood as a concrete action undertaken by the network broker with the objective of bringing together firms on the basis of cooperation on a specific topic. In this study, we limit ourselves to the network initiatives that are induced through policy incentives. Consequently, all our network initiatives are funded by institutional actors. The participants to the network initiative are typically small regional firms, which are engaging in such a cooperation process on the basis of free-will, but may also involve larger firms.

Reviewing policy-induced initiatives undertaken in the recent past in the region shows that there is no such thing as a *standard* network initiative. What makes each initiative rather unique is its specific organizational setting, originating from the different mix of its ‘stakeholders’: the institutional actors funding it, the broker facilitating it, and the small firms involved in it. But the specificity is also due to the networking process it unfolds. Each initiative is grounded on a trade-off between the necessity to maximize the benefits of each individual firm, as well as the benefits for the whole network group.

The challenge of network brokering is the ability to go across scales. The investigation in North Sweden has shown us that there is no such thing as a local or regional initiative. Most of the initiatives are the result of a joint cooperation between stakeholders representing different levels of governance, and essentially a joint effort between European (via the Structural Funds) or national (Exportrådet) levels, but also with regional and local authorities. Consequently, network brokers need as well to skilfully incorporate the objectives and expectations of different stakeholders and policymakers into a single framework.

Most of the policy-induced network initiatives reviewed are temporary and are organized in the form of a project. The usual project-time is about 2-3 years. Yet, some initiatives are based on a long-term involvement, for instance Enterprise Europe Network or Internet Bay. An important point is that these initiatives are often not targeted specifically to small rural businesses, but are open to them as to any other business in the region.

From the network initiatives reviewed, one can identify two main types of brokered cooperation between firms.

The first type of firm network created follows a classic *cluster* approach. Typically, the firms participating to such an initiative share a strong degree of organizational proximity as they are involved in the same sector of activity. The initiative thus acts as a forum for them to develop a joint strategy for being more competitive internationally as a group. The role of the broker focus essentially on building trust between the firms, narrowing down the field on which cooperation is based on and identify potential market opportunities outside the region. The connection between the firms and other external actors is often undertaken via the participation to fairs and conferences, for which the grouping of firms is able to be visible as a group.

The second main type of international networking activities facilitated by network brokers can be labelled as *match-making* activities. Such initiatives focus essentially on the creation of dyadic relations between a regional firm and a firm located outside the region or country. The initiative in this case provides the institutional framework so that the broker is able to support a regional firm to fulfil an identified need for cooperation.

Figure 2: Examples of initiatives available for North Swedish firms

Initiative/Broker	Funding institutions	Participating firms/ Description
<i>Bothnian Arc</i> is a cross-border organization with Swedish and Finnish municipalities and regional authorities as members. The organisation acts as network broker	Nordic Council of Ministers funds the organization, initiative is also funded by EU funds	Swedish and Finnish firms, both peripheral and more central, within e.g. music-, film- and bio-energy sector and energy in cold climate. The ambition is to create cross-border cooperation through networking and common projects, open up new opportunities to build a competitive region within technology, enterprise, tourism, expertise and networking.
<i>Business contacts in Chinese region</i> are brokered by the Municipality of Kalix	Municipality of Kalix, city of Lanzhou, Chamber of Commerce in Norbotten, some support also from the Swedish Association of Local and Regional Authorities	Mainly SME:s within manufacturing, some in the service sector also. From all over the municipality and increasingly from all over the county After a local political decision work is carried out to support local business development through establishment of international contacts. Therefore the municipality has developed contacts with a Chinese city. Networks between firms are developed through trade fairs, meetings, group visits etc. To enable the initiative to develop further in northern Sweden the regional Chamber of Commerce is taking over the role of the municipality of Kalix.
<i>Globaliserings-guiden</i> is developed by a number of national publically organisations jointly: ALMI, Swedish trade Council, Exportkreditnämnden, Svensk Exportkredit, Swedfund	The brokers are the funders	It is an internet based tool and can be used by firms interested in export in all parts of Sweden. Internationaliseringsguiden spreads information about public/partly public actors that could help firms with counselling, expert knowledge, financing etc, all with the ambition of increasing the firms' international contacts. The actors presented help with everything from first international contacts to establishments of offices in other markets or international investments.
<i>InternetBay</i> is a cluster developed by companies within the ICT sector in northern Sweden. The cluster act as broker.	Membership fees, local municipalities, county council and EU	Firms in northern Sweden and Finland, strongest areas of operation: Process IT, E-health, Mobile Internet, Telecom InternetBay connects firms in northern Finland and northern Sweden with each other through the internal arrangements within the network, but also with firms in other parts of the world through for example seminars and business trips.
<i>Kosmopolit</i> was initiated by the Swedish government and is brokered by the Swedish Trade Council	Swedish trade council (partly public) in cooperation with other public business support organisations	Entrepreneurs born outside of Sweden currently running business in Sweden The overarching goal is to make use of the specific knowledge and international contacts that entrepreneurs with foreign backgrounds possess. The project rests on two legs; regional networks among entrepreneurs born in countries other than Sweden as well as an internet based knowledge bank.
The roles as brokers in <i>Kvarken Global Business</i> have the public actor Almi Företagspartner Nord in Västerbotten and the Finnish regional	Interreg and national funding from Finland and Sweden	SMEs in the counties of Västerbotten, Västernorrland, Österbotten and Mellersta Österbotten The overall aim of the project is to help SMEs from different sectors become more competitive on global markets. This is to be achieved through cooperation between firms within the project area. Seminars, trade fairs, export and import rings as well as production development study

exportoriented organisation Viexpo.		circles are for example arranged.
Owner of the project Design Västerbotten and network broker is Almi Företagspartner Nord. Project was however initiated from national level.	EU Regional Fund, Municipalities of , Skellefteå, Norsjö, Dorotea, County administrative board of Västerbotten, County council of Västerbotten, Region Västerbotten, Västerbottens Turism, Umeå University, Sparbanks-stiftelsen Norrland and private businesses	SMEs in sectors such as industry, service, tourism and public Supporting business development through establishing a network for industrial design. Aim is to help make SMEs more competitive when entering new markets. As such, the initiative is a first step towards establishing external contacts for the firms. In addition contacts have been developed with actors in Finland and Norway, both to promote industrial design and promote exchange of experience between firms in the three countries.
Within the Nordic Business Link the Chamber of commerce acts as broker in the north of Sweden	The participating companies, the City of Oulu, Troms and Nordland Fylke, Almi Nord AB (business support organisation owned by the state and regional public actors), Swedish Trade Council, the swedish municipalities of Boden, Kalix, Piteå, Luleå and Älvsbyn and by InterReg IV A Nord.	SMEs, of particular interest are: renewable energy, environmental engineering, services connected to IT and telecom technology, subcontracting operations in the fields of metal and construction, the experience and creative sectors The project covers northern parts of Norway, Finland and Sweden. It arranges meetings, host seminars and training and provides companies with information regarding different markets and practical tips on foreign trade. The ambition is to help companies and the region to further develop its networks and know-how on international markets.
Within RUG the Chamber of Commerce in Västerbotten, Sweden and the Rana Utviklingsselskap AS in Nordland, Norway act as brokers	Public national and regional funding as well as Interreg Botnia Atlantica	All businesses in regions, largest interest seen among SMEs in the rural inland (the inland is also closer to the Norwegian border than the coast) The aim is to strengthen cross-border cooperation between the Swedish county of Västerbotten and the Norwegian county of Nordland. The region is sparsely populated and covered by mountains and one ambition of the Swedish project owner is to help comparatively peripheral small inland firms get access to larger markets. Examples of activities: Business Meetpoint, common business trips for firms in same sector, information meetings for businesses and raising awareness of cross-border business problems.
Globac is a project run by the Chamber of Commerce in Västerbotten	EU regional fund	Firms located in Västerbotten with less than 200 employees ready to start exporting or already exporting Businesses are to be developed through increasing the number of long term contacts between SMEs in Västerbotten and in Eastern markets. Activities carried out within the project are seminars to develop skills among businesses in Västerbotten, study circles focusing on export and business trips to develop contacts and contracts.
EU Enterprise Europe Network is brokered by the business development company called CENTEK in the county of Norrbotten	The Swedish Agency for Economic and Regional Growth is the main funding source in Sweden	SMEs in Norrbotten The aim is to support local business development through internationalisation of SMEs. As members of the Enterprise Europe Network Centek are linked up through a database, sharing knowledge, technologies and business partners across the network countries.

RESULTS

Initiating and Managing Network Initiatives

Interviews with the network brokers provide a sharper insight on the processes of initiating and managing such network initiatives. The core focus of our study is to understand the extent to which small firms located in the inland, rural parts of Övre Norrland are able to participate in network initiatives that would support them in internationalising their business networks.

From the outset, the brokers confirm that usually the small rural firms are the keenest in participating to brokered network initiatives. The initiatives provide the entrepreneurs the possibility to expand their contact network in the region, which would not be possible otherwise due to the relatively remote location of those firms. However, it seems clear that small rural firms are also less up to date regarding the various possibilities for being involved in interfirm cooperation initiatives.

Consequently, involving small rural firms requires a rather proactive strategy from the brokers' side. The key bridging element in this process seems to be the role played by the local brokers. Small rural firms are usually well aware of the structure for business support within their locality. Likewise, the local broker has a good knowledge of the local businesses and their specificity. Hence, the local brokers are usually the stepping stone for small rural firms to engage in network initiatives: regional brokers confirmed in the interviews that local brokers are central to the brokering process in order to connect them with the local firms. As a matter of consequence, the effective involvement of small rural businesses in network initiatives is dependent on the effectiveness of the relation between the local and regional brokers.

Contrariwise, national and European organizations involved in brokering usually do not meet directly the firms. Their role is nonetheless essential as they are usually designing the policy frameworks and programs that make it possible for regional and local brokers to support small firms. For instance, the Swedish Trade Council (*Exportrådet*) is a central organization when it comes to the internationalisation of small firms, but the regional representatives (one in each county) act more as gateways for the regional brokers than for the firms directly.

In a similar manner, the European program *Entreprise Europe Network* (EEN) is an interesting case of a European initiative having potentially important leverage for rural businesses. The aim of the program is to enhance the networking of small firms across Europe, but also in many other locations worldwide (e.g. China and the United States), using a decentralised structure of national and regional offices. Through the EEN database, firms have the possibility to identify possible business partners with profiles matching their needs. The firms in the database are kept anonymous and the request goes to the EEN-offices, but it nonetheless enables firms to act proactively in seeking to establish international cooperation ventures. In the Övre Norrland region, the brokers Centek and Uminova are the contact organization for respectively the counties of Norrbotten and Västerbotten.

According to the brokers, firms are usually the ones that take the first step in the broker-firm relationship. However, most network brokers are also active in getting in contact with firms, for instance by travelling across the region despite the fact that it is time- and resource-consuming for them. In that respect, the territorial structure of the Övre Norrland region, with long distance between the small settlements, is a constraint for efficiently reaching out to the population of regional small businesses. In spite of this, the network brokers claim such onsite visits are necessary for making their activity more efficient, as it enables to build a closer relationships and greater trust between the firms and the regional brokers.

From the brokers' account, it seems that the organization of fairs and seminars is a key activity in order to connect regional firms with foreign actors. Recent literature has emphasized that such types of actions, conceptualised as temporary geographical proximity, is an efficient a 'middle way' building upon the advantages of face-to-face interactions, but based on the mobility of actors rather than the need for permanent co-location (Torre, 2008; Ramírez-Pasillas, 2007). This feature tends to corroborate the fact that face-to-face interactions are still a key process in fostering networking and exchanges. In that respect, contacts between regional firms and external actors are enabled through participation in fairs (with international guests) and international study trips.

The brokers also assert that international networking is very dependent on the sectoral belonging of firms, as some branches are more prone to international ventures than others, for instance manufacturing and tourism-related firms. For both sectors, contact with foreign actors is essential for their development: small manufacturing firms need to find larger markets as destination for their products, as the domestic market is rather limited; whereas tourism-related firms are dependent on the afflux of international guests in the region.

The brokers confirm that internationalisation has become an overarching focus of most network initiatives. Yet, their approach takes also into consideration the possibility for regional networking. For instance, in the case of Centek, the organization looks if there are possible 'matches' in the region first, before trying to connect local firms with foreign actors. Internationalisation of the network thus needs to bear an added-value compared to regional networking.

Finally, European integration is seen as an opportunity for the work of network brokers. Many firms are interested to develop their business activities through exports in the rest of Europe, i.e. to take advantage of the Single Market more efficiently. A main role of the network broker is to keep the firms up-to-date with these kinds of opportunity through dedicated courses, e.g. regarding regulatory features. Firms are also aware that the European programs, such as the ERDF or the national state aid, may provide significant co-financing for their development activities. One reason for firms to contact network brokers is thus to get help and advice regarding how they can take advantage of such funding opportunities.

Expectations and perceived benefits

When discussing the expectations and objectives inherent to network initiatives, the brokers stress that networking is not an end in itself, but that it

should be seen as a means for achieving sustained growth in the region. One of the main objectives for the network broker is to strive for the development of firms, i.e. helping firms to find new clients and markets for their products, even if the broker is not involved in actual transaction negotiations between the firms and new trade partners. Hence, their role is to act as a bridge between regional firms and potential markets. In the case of the Övre Norrland region, the regional market is rather small, which means that finding new business opportunities involves internationalisation.

For the local and regional authorities, the main expected outcome is increased employment through the growth of small (but also large) firms. Increased global competitiveness of the region is the underlying objective. The idea is that regional growth can only be achieved if small businesses thrive, and the socio-economic effects of the growth of small firms will be translated into increased employment.

For sectoral and trade associations, the main objective is to help firms to find new markets in order to broaden their customer basis and make them less vulnerable to different crisis, by diversifying their market. Sectoral associations also see regional networking as a way to ensure that firms in the sector will grow together, i.e. as a win-win game, thus limiting the possibility for some firms winning big, and the other ones losing.

Finally, for the firms participating to network initiatives, the main objective is to seek growth, i.e. increase in their sales and turnover by finding new possibilities to sell their products and offerings. Consequently, economic benefit is a necessary condition for the firms to get and stay involved in such initiatives. According to the interviewed brokers, through mutual exchanges of experience and information, firms' expectations are to 'develop together' and to foster more opportunities for entering new markets, which would not have been possible for the firms on their own.

DISCUSSION

The literature on policy-induced network initiatives takes a critical stand on the benefits linked to such processes. The outcome of network initiatives are assessed through the identification of recipe to 'success', and reasons for 'failure' (Huggins, 2000; Hanna and Walsh, 2008), through a discussion on the 'effectiveness' of the intermediaries (Perry, 1996) or on the 'efficiency' such a networking process (Huggins, 2001) compared to less formalized ones.

Based on the outlook provided by the Swedish case, we deem that a critical standpoint on policy-induced network initiatives needs to be *contextualized*. In that respect, we intend to focus the discussion on the fact that such processes may be particularly relevant in the case of small firms located in remote and rural regions of Europe.

Beyond customer-supplier relations

There is little doubt that the most important process for interfirm cooperation occurs in the framework of customer-supplier relations. In a recent work, the authors have come to that conclusion, as many other researchers in the recent past (Dubois, Copus and Hedström, *forthcoming*). Consequently, we argue that the discussion on the benefits of policy-induced interfirm cooperation should not be steered by the comparison with such purely inter-firm processes, but rather put into the perspective of different regional and business environment leading to a variation in the added-value brought by policy-induced initiatives.

We argue that firms usually do not make an active choice between participating to brokered networks or simply using their existing contact network of customers-suppliers to find new business partners. Instead, firms opt for brokered initiatives because they acknowledge that the customer-supplier network would not enable them to create a similar network with an equivalent outcome. For small rural businesses, which generally have a rather limited number of customers and suppliers, using solely customer-supplier relations as a basis for interfirm cooperation would restrict their window of opportunity in terms of new possible interactions leading to enhanced growth.

So what makes such initiatives so interesting for small rural businesses? There is no doubt that the possibility to get co-financing for such activities (marketing or product-development) is an important incentive for firms to cooperate in such a way. Yet, we argue that the added-value of such initiatives lies in their ability to break the evolutionary cycle of development of the interfirm network of a company. Indeed, by using exclusively customer-supplier relations as a means to develop interfirm networks, small firms run the risk of being stuck within the same business environment. Indeed, firms connected to the same customers and suppliers share a rather high degree of similarity in terms of product offerings and production processes, and often belong to the same branch. They belong to the same business environment, even if it does not translate into each firm knowing all the other firms. In that respect, interfirm cooperation networks that are built solely through customer-supplier relations may end up getting limited in terms of new opportunities for interaction. Again, this risk is all the more important for small rural firms that have a more limited set of customer-supplier relations to activate. Consequently, it seems important for such firms to start new interactions that are not based on existing customer-supplier relations.

Clearly, the development of new communication means could, in theory, facilitate this process of connecting small rural businesses with distant business partners. Yet, we deem that such a 'broadcasting' method of searching new business partner is highly inefficient and strongly dependent on the 'luck factor'. Even more importantly, the 'trust' ingredient, which has proved to be central for developing sustainable interfirm cooperation, would be absent. A small firm contacting another firm on its own via broadcasting method has no possibility to check the reputation and reliability of a new business partner. In that respect, the policy-induced network initiatives seem to lower the risk for small firms when developing interfirm networks beyond the customer-supplier relations: in the same way that the mutual relation to a common customer (or supplier) may generate trust between two firms, the backing of firms by brokers is perceived by the firms as a sign of good reputation and reliability.

The interviews with network brokers and the review of policy-induced initiatives have brought to our attention an important potential benefit for policy-induced initiatives. The main benefit is that such network initiatives have the capacity to bridge different organizational spaces. For small firms, it provides the possibility to get acquainted to other small (or larger) firms that they would not have the possibility to know otherwise. Indeed, as it does not follow an evolutionary approach to network creation, it enables the firms to ‘jump into’ another organizational space, often located outside their regional context.

In a way, policy-induced network initiatives give the possibility for small firms to create the ‘weak ties’ they need in order to stay competitive and develop their business. As suggested by Granovetter (1973), the importance of the ‘weak ties’ is not related to their particular bold intensity, but rather to the substantial improvement of the connectedness of the firm that it enables.

Multi-layered relations

Another important point that we deem important for any discussion on network brokered initiatives is that their efficiency is not only dependent on the characteristics of the broker itself, but rather on the many relations that the broker is involved in. In a central contribution to the academic debate on network brokering, Huggins (2001) has stress that “the nature of policy implanted networks is such that they require an exploration of the emergence of multi-actor structures”. Network brokering should be understood as a multi-layered relational structure that does not simply involve some firms and a broker. We argue that the key brokering advantage of the broker lies in the uniqueness of its position in relation with other brokers and institutional actors.

In that framework, the empirical work in Northern Sweden confirms that three main types of relations are important.

The first one is the relation between the regional and the local brokers. This is especially true in the context of small rural businesses. Local brokers have a good knowledge of the local business environment, but do not have an extensive contact network outside the region to act as the main network broker. In that respect, the good connectivity between the local broker(s) and the regional broker(s) is the first stepping stone enabling small rural businesses to engage in wider networks.

The second one is between the regional brokers and the national or European ones. As stated earlier in this paper, national or European brokers do not directly support firms, but rather support lower-tier brokers. The national and European brokers are essential in designing the institutional framework enabling the work of regional brokers. A fluid cooperation between national or European brokers and the regional ones enable to conceive the appropriate institutional instruments (e.g. Structural Funds) that will ease the work of regional brokers.

The third, and maybe most important one when it comes to internationalisation of small businesses networks, is the relation between regional brokers both within the region and across administrative boundaries. After the networking need of a local small firm has been identified, the important step is to

find the right ‘match’ in terms of business partner. On that account, the extensive international network of regional brokers, such as the Chamber of Commerce, is a necessary precondition for efficiently development transnational interfirm cooperation.

From the interviews with network brokers, it becomes clear that internationalisation has become a strong part of their activity. Consequently, brokering increasingly necessitates connecting small regional firms with potential business partners abroad. For network brokers, it means that their domestic contact network is not sufficient anymore and that, in order to propose pertinent services to the firms, they need also to internationalize their contact network to other regional or local brokers abroad, from the ‘near foreign’, e.g. in Finland or Norway, to the ‘distant foreign’, e.g. in China. Yet, the brokers are clear that their focus is on finding ‘the right match’ for each firm that expresses a need for cooperation. And, according to them, the matching partner can often be found within the regional or national context.

Yet, increasingly, it appears that even local brokers start developing their own foreign contact network. However, the process is rather different than the process for regional brokers. Indeed, while regional brokers (e.g. Chamber of Commerce or Centek) develop a broad contact network, i.e. covering many other foreign regions and countries, local brokers, due to their limited size, focus on more targeted cooperation with another local or regional community abroad. This was for instance the case of the Kalix municipality which developed a close cooperation with a regional community in China, in order to help the local firms to find a business partner in China. A Chinese person was even working at the Kalix municipal offices in order to facilitate the communication.

An interesting example of integrative network initiatives is the DG Enterprise funded initiative Enterprise Europe Network. The initiative indeed provides an integrated institutional framework to integrate brokers vertically, using a hierarchical involvement of national and regional brokers, and horizontally, by creating a joint platform for regional brokers to find the ‘right match’ for a small firm, across the regional and national (and even European) borders.

Finally, we argue that network initiatives cannot be simply summarized as interfirm cooperation, as it is the result of a complex process of firm-broker and broker-broker relations. In a recent article on interfirm cooperation among small US manufacturing firms, Hanna and Walsh synthesized this as “the ability of the broker to find partners with a propensity to cooperate also seems a critical impact on the successful formation of a new network (Chaston, 1999 in Hanna and Walsh, 2008).

Diverse firms, diverse brokers

Small rural firms do not represent, in spite of our repeated generic labelling in this article, a heterogeneous population. In our minds, and as our Swedish case shows, it is obvious that the ‘rurality’ of the firm is not related to a specific sectoral belonging, but rather to the location of the firm in a specific territorial setting. In our case, the small firms are ‘rural’, because they are located in small and remote communities.

For a single broker, addressing such a diversity would be an overwhelming task. This is why we argue that the rather high number of brokers that are involved in network brokering should be seen more as an asset than a liability. It is clear that the diversity of firms and brokers means that some relations are doomed to fail. Yet, for the region as a whole, the diversity of network brokers is an asset, as it provides small firms a wider range of options, based on different contact networks and brokering methods, for taking advantage of policy-induced network initiatives.

The contact network of the broker is important in order for the network initiative to be successful. For instance, in the case of IUC or ALMI, important contact points consist in the other equivalent regional organizations making it possible to develop national-wide projects. For the CoC, the vast network of worldwide CoC provides the ground for regional firms to be connected with firms worldwide, depending on their specific needs. In the case of Centek and Uminova, the fostering of international firm matchmaking is made possible through the *Entreprise Europe Network* contact-points, as they themselves are the contact-points for respectively Norrbotten and Västerbotten.

CONCLUSIONS

The present paper proposed an outlook at the main features of the brokerage of policy-induced network initiatives in the north of Sweden. The empirical work is based on the overview of selected network initiatives and interviews with the most important network brokers operating in the region. The literature on policy-induced network initiatives has essentially discussed the reasons for success, failure and the efficiency of the network intermediaries. Our main argument is that a critical review of such processes should be contextualized. This is why our paper tries to discuss the potential benefits of policy-induced initiatives in the case of small firms located in remote and rural parts of Europe.

For the brokers, it seems that contemporary globalization has triggered a necessary change of attitude from small rural businesses regarding *internationalisation* and *cooperation*. Economic development in the region should not be perceived by the actors as a zero-sum game, i.e. with losers and winners. Increasingly, firms see competition with other regional firms from a different perspective, i.e. not more as competitors but rather as ‘sparing partners’ pushing them to be improve and develop. Furthermore, the rapid changes in the global economy, with its ups and downs, exacerbate the importance of the ‘relational mix’ of the firms’ business network (Lechner *et al.*, 2006). Yet, in general, such processes within the framework of customer-supplier relations, i.e. as a purely inter-firm process.

Yet, in the case of small rural businesses, we deem that the smallness of the firm, in terms of turnover and thus in terms of limited number of customers and suppliers at hand, combined with the sparsity of the business environment acts as a hindrance for the firm to international interfirm cooperation networks. We argue that, in the case of such businesses, policy-induced network initiatives

provide an alternative way to create such networks, with the involvement of intermediaries.

Clearly, the role of policy-induced network initiatives is not to substitute to firm-led processes, but rather to complement them and to make up for eventual shortcomings. In that respect, the role of public policies and institutional actors is not much as brokers, but rather as enablers, through the elaboration of appropriate funding and support programmes. The literature has indeed shown that network initiatives become less relevant when public actors are directly steering them. An unclear division of roles between the involved parties may be detrimental to the initiative's outcome. In the case study region, it seems that each party is aware of its role: the institutional actors provide the framework and funding enabling the initiatives; the network broker facilitate the process of identification of a specific need by the firms and networking with third party organizations; the firm steers the content of the network initiatives, ensuring mutual benefits for the involved participants.

The paper also stressed that the multi-layered dimension of the brokering process. Consequently, an important focus of public policies when it comes to the support of interfirm cooperation ought to be the development of inter-broker networks. The literature clearly identified the capacity of a broker to connect with other brokers as the critical factor for making network initiatives successful. In that respect, our empirical work suggests that a dual process of increased 'institutional thickness', fostering local-regional and regional-national/European broker relations, combined with enhanced 'institutional connectedness', fostering inter-regional broker relations, ought to be targeted.

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