

# Networking strategy in EU border-regions

The contribution of Euregio Rhein-Waal on business network development in the Dutch-German border-region

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## **Acknowledgements**

This bachelor thesis closes my geography studies. This document represents a combination of academic knowledge and skills that I have gained in the last couple of years. After a period as a part-time student at the Utrecht University, I was able to finish my bachelor-study at the Radboud University. By nature, I have a strong aversion against imposed barriers such as borders. And both in a social as in a spatial context, these areas have always been appealing to my imagination. My current job is –next to my studies- to support businesses, to look for opportunities and to change existing perspectives. With this thesis, I could combine these two dimensions. With this research, I have been able to expose some of the imaginary aspects that are characteristic for a border region. Underlying factors that are of influence on constraining or enabling opportunities for business(networks) located in the Dutch-German border region are being discussed. They have been put in the perspective of a (new) regional strategic network and a European policy and institute that can contribute to these opportunities.

As the African saying goes: “if you want to go fast, go alone. But if you want to go far, go together.”. Obviously, this is very appropriate for finishing this thesis. Only with the support, patience and understanding of several people, I was able to end my studies and this thesis. And therefore, they deserve special thanks. First of all, thanks to my supervisor Theo Soukos, I was able to find the right track and keep moving forward throughout the process. The meetings have always been positive and constructive. I have appreciated his patience and account for my personal situation. Second, I would like to thank the people that are responsible for the project management and administrations of Euregio and executing Interreg projects. Their time and information in the interviews has been essential for completing this thesis. Last but not least, my warm and special thanks goes out to my friends and family that had to listen my considerations, doubts and decisions. Only with their patience and support, I was able to achieve this multi-annual study trajectory.

I hope you enjoy reading my thesis.

Sanne Evers    Elst, August 2019

## Summary

The markets in which businesses have to compete are continuously changing. As a result of globalization processes, businesses are forced to be aware of their position to remain competitive on the different (local, regional, (inter)national) levels. As a consequence, businesses need to use their current business partners and look for new partners and businesses therefore need to be part of active (business) networks.

In line with the processes of globalization, the political shift to the level of the European Union has also changed the business markets within the European Union. Former boundaries have been reduced with the goal to get a European single market. These changes can be threatening for businesses in local/regional networks in the border regions on the one hand. But on the other hand, it can also offer opportunities for cooperation. As a consequence, new business networks can arise. But apparently, it has become clear that cooperation between businesses in border regions was more difficult than in other regions. An important question that rises is which factors are important in the process of cooperation.

To improve cooperation within regions, Regional Strategic Networks have been established. And for the border regions, RSN's which in this case is the Euregio, is appointed to make a contribution to improve cooperation between businesses and their networks. To get a better understanding on the contributions that could be made, the following main research question has been formulated: *In which ways is the regional strategic network of Euregio able to make a contribution on the development of the Dutch-German border region by enabling (or not) business networks to benefit from SME-related projects.*

Chapter 2 contains the detailed description of the theoretical framework of this research. It discusses the key elements that are needed for successful operational business management and it emphasizes that flexibility, the capacity for innovation and the position and ability to act within relevant business networks are important (McAdam et al, 2014). Furthermore, the importance of business networking is being discussed. The exchange of knowledge and information, interaction (contact) with other (new) business partners and the same communication codes are essential factors for success. For businesses in the border regions, the concept (theory) on Regional Strategic Networks can be of great relevance and this concept is therefore studied more in detail. For the border regions, this concept has been organized in the form of the institute of Euregio. It will be discussed that the Euregio fits within this concept because it resembles the features of an RSN. It is remarkable that the key features are meeting the key factors to improve successful cooperation

between businesses. The encouraging and coordination of interaction and cooperation for example are key features, but the exchange of information and experiences are also key features that are in line with the earlier mentioned key factors that can make a difference in enabling business network cooperation.

Chapter 3 contains the methodology of this research. It argues on the research strategy and the choice to do a qualitative (in-depth) research and on why case study is used to collect the empirical data. Furthermore, it describes how and why semi-structured interviews have been chosen and which cases have been selected. The cases that have been interviewed are described more in detail after which the data analysis and coding process have been explained.

In chapter 4, the analysis has been carried out. The factors information, communication and contact that already derived from the theory have been discussed in detail within the context of the projects of the Euregio Rhein-Waal. For cross border business network cooperation, it appears to be even more important to exchange information, share the same communication codes and have (personal) contact on a regular base. In some cases, this can be a challenge and extra efforts are needed to improve this. There are many examples of successful (Interreg) projects that are administered by the Euregio, but especially regarding the 'delicate' underlying factors, adjustments could be made (e.g. courses, information supply, ambassadors).

Chapter 5 contains the conclusions. The sub-questions will be answered and the links between the theoretical and the empirical research will be made. In short, the answer to the main research question can be summarized as follows: The Euregio has the independent role to do the project administrations (budgets) of the Interreg program. Improving SME-competitiveness is one of the most important subjects within this program and the institute of Euregio is making an important contribution to enable business (network) cooperation within the in Dutch-German border region. This research has pointed out that there are still boundaries that constrain more and better cooperation and regional development. There are geographical limitations, but moreover, the empirical study has confirmed that regarding the process that enables business network cooperation, contributions could be made.

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## **1. Introduction**

The last couple of decades, political powers and business markets in the countries of the European Union have gradually gone through considerable changes. Political responsibility within the countries of the EU has changed by shifting up, to the level of the European Union, and down, to the level of the local and regional authorities. Business markets have changed because they have been enlarged and have grown to national, European and worldwide levels. As a result of the shift in political responsibility, local and regional administrations have established united partnerships that are supported by the European Union. The goal of these partnerships is to offer (new) opportunities to people and businesses and to strengthen relationships, networks and the economical situation within these regions.

As a result of the change of the business markets, businesses are more and more forced to compete on different levels. They are urged to seek new business partnerships and to continuously develop their business networks. The political shift to the level of the European Union is offering (new) opportunities for businesses to enlarge their network and increase their competitiveness. The aim of this study is to discuss the relationship between opportunities of EU-policy (e.g. Interreg) and the factors that SME businesses use in their business network development.

For this research, the concept of Regional Strategic Networks (RSN) is used. It is best described as *“long-term, purposeful arrangements among distinct but related for profit organizations that allow those firms in them to gain or sustain competitive advantage vis-à-vis their competitors outside the network. A “hub” that acts as facilitator and driver administers the networks. (Jarillo, 1988, p.32)”*. This concept has fundamental value for this research because it can be used to discuss the contribution of a public entity on the development of commercial business relationships and business networks in the Dutch-German border region. It is not the intention of this thesis to discuss the specific *economic* value as a result of the presence of an RSN. It will focus on the underlying factors of which information, communication and contact are most important in the process of more and better cooperation. These factors are very valuable and there is no specific research regarding RSN's and the influence on SME business networks. This thesis aims to make a contribution to the knowledge on the factors that influence opportunities and potential success of new business network cooperation in border regions with the support of Euregio as RSN.

### **1.1 Project framework**

To get a better understanding on how business-networking strategy can be related to the establishment of a regional strategic network and to see what the influence of EU-policy (the



Interreg program) is, it is essential to explore and describe the background of the individual processes. Major changes in (European) politics, policies and the dynamics within (international) business markets are so powerful that they influence each other (Amin, 2000). As it is difficult to get specific knowledge on this interactive process, the individual, underlying changes and separate historical processes should be explored and described in order to shape the context of this research. The first paragraph discusses a major change in the European Union that has an effect on the daily practices of people and businesses in the European Union. The second paragraph discusses the context of changing markets of the EU-countries and the urge to establish and improve political partnerships by increasing the administrative cooperation. In the third paragraph, the importance of business networking strategy will be discussed and in the fourth paragraph, the specific policy instrument Interreg of the EU that businesses can benefit from will be explored and described. The fifth paragraph discusses the general background of Euregio and the public entity of Euregio Rhein-Waal more specific. The latter is used for this research to explore to what extent businesses can benefit from opportunities that are offered for the Dutch-German border region. These five elements constitute the context for this research. Together with the input from the theory, this study outlines and explores the factors and opportunities that can be useful for SME-businesses in the Dutch-German border region with the support of a public institute.

#### *1.1.1 Free movement (of goods, services, people and capital)*

An important change that has gradually taken place within the European Union is the anchoring of the four freedoms within all countries of the European Union. The freedom to move goods, services, capital and people within and between the countries of the European Union is a fundamental principle. The goal of the EU is to reduce inequalities between the different member states and between citizens in order to spread and improve welfare standards, but also to make supply and demand meet in a way that all economies are able to benefit. With the establishment of the European Single Market, the European Union has to be(come) a competitive economic bloc in an ever more globalizing world (Amin, 2000). The overall primary objective is to reduce the economic inequalities and improve the economic well being in all the regions of the European Union. For this matter, the European Union has developed the Regional (or cohesion) Policy. Regions, like former border regions, which may have been lagging behind, can benefit from a number of funded programs and projects. The goal is to bring all regions in Europe into a better-balanced economic situation. It must be noticed however, that the policy of the distribution of EU funding in some cases also had the opposite effect. As a result, there are examples where there is more inequality between and within certain regions. This might also be the case for Dutch-German border regions. However, this research will focus on the opportunities that businesses have. Therefore, a social-economic approach of

regions is beyond the scope of this study. For the policy makers of the European Union, knowledge on the (economic) effects can be very useful for future programs. For the local and regional authorities, this knowledge can be also very useful to understand what the (driving) dynamics for businesses are and how this can have an effect on their regions (Floyd & Mc.Manus, 2005). A major change of policy that is of influence on businesses markets will be discussed in the next paragraph. Together and in response to the changes in the European Union, the urge and need for more political cooperation will also be clarified in the next paragraph.

### *1.1.2. New (political) dimensions in the European Union*

For business and trade, the European Union is connected to other (economic) powers like the United States, China etc. In order to be(come) competitive on the global level, important steps have been taken by the European Union to improve the allocation of resources. One of the last steps of which businesses can benefit, is that in 2006, the Services in the Internal Market Directive has been introduced as part of the Lisbon Agenda. In short, the principal idea was to improve the economic performance of the European Union as a whole by liberalizing the markets of the EU-countries. The benefits for SME-businesses are that they have the opportunity to establish a business more easily, that cross-border services can be provided more easily and that procedures and formalities are being simplified. As a result, consumers can benefit from strengthened rights, a higher service quality and improved and better information. The objective is to increase the internal competition and specialisation and to get larger economies of scale. The initiative at first resulted in protests and opposition of workers and politicians and as a result, a reduced version of the directive was adopted (Badinger & Maydell, 2009). Despite the initial resistance, more than a decade later, it has become easier to offer services and to do business across the border in other EU-countries. Gradually, some consumers and businesses are taking advantage of the fact that the borders are no longer barriers. Rules and regulations are becoming more consistent and above all, the equal currency that is being used (the Euro) makes it easier to compare products and services and cooperate with businesses in other EU-countries. People are travelling back and forth across the borders for jobs, education, leisure or consumption on a daily base. Because of the increased movement in border regions, new issues arose that demand solutions. This has had considerable impact on the local and regional authorities in the border regions. As a result, new territorial scales came into existence and have been constructed through political cooperation (Perkmann, 2007). Within this new 'playing field', spatial scales have gone through a reshuffling and re-organization process. Governing these regions has changed because of new (political) partnerships and European cooperation. In order to guide, structure and strengthen this process, the institutes of Euregio have been established. In general, the goal of every Euregio is to connect policy makers, people and businesses to improve cooperation and

relations. The role and tasks of Euregio have a key role within this study. Therefore, a detailed description will be given later.

### *1.1.3 Business networking strategy on the local and regional level*

As mentioned earlier, there have been some major changes within the markets of the countries of the European Union. The local and regional markets have already been contributing to the national and European market for some time and the further development of the internal market is expected to strengthen the European market even more. A key factor that contributes to this goal is that the development of businesses and entrepreneurship contribute to the economic increase (gross domestic product) of the European Union (Ploum et. al, 2013). For their operations and development, businesses have to be active within several business networks to get (the best) results. Business networks and the related activities (business networking) are rather general and comprehensive terms. They can be interpreted in various ways. Because this process is a key element in this study, there is a need to clarify it. Business networking is best defined as “the socioeconomic business activity by which businesspeople and entrepreneurs meet to form business relationships and to recognize, create, or act upon business opportunities, share information and seek potential partners for ventures.” (Österle et. al, 2001). This definition provides hints on the important aspects of the process and the factors that are subject of this research. Meeting other (potential) businesses, recognizing, creating and acting and the sharing of information are crucial to succeed. These aspects can be related to the factors (contact, communication and information), which are focus points within this research. Traditionally, the exchange of information and communications had a different range and speed. Businesses were more inclined to cooperate with other businesses on a local and regional level within their own nation. But the dynamic markets and developments in information technology enable businesses to look and expand their range (Castells, 2010). The connections within a network are used for sharing information and knowledge, but also for giving orders to other businesses and for common product development (innovations). In order to stay vital and competitive, businesses are stressed to continuously stay connected with other business partners and connect to new business partners (within relevant networks). There is a need to search for new possibilities, opportunities and innovations and therefore, it is important for businesses to be willing to shift and participate in ‘new’ business networks. This way, other (complementary) businesses can be found in order to perform according to their business strategy (Vervest et. al, 2008). Next to the strong changes that have taken place within the field of information technology, businesses in border regions also have an extra opportunity to make use of. For businesses in border regions, specific policy of the European Union can be used which will be explained in the next paragraph.

#### *1.1.4 The European Union and the development of Regional Policy*

As already mentioned, SME-businesses can benefit from European policy if they are willing to cooperate with businesses across the border. The policy that (border) regions can use, is the Regional or Cohesion Policy. All over Europe, projects can receive funding from the European Regional Development Fund (ERDF) to improve social, economic and territorial cohesion. The objective is to 'reduce disparities between the various regions and the backwardness of the least-favoured regions'. This should lead to a more balanced, sustainable and territorial development. For the border regions, improving the interaction between people and businesses is a way to correct possible imbalances between border regions. There are many thematic programs to invest in people, projects and businesses (Piattoni & Polverari, 2016). But the most important program for the border regions is the Interreg program. With the objective of improving SME competitiveness, this program is the most relevant for this research. The background of the Interreg program will be given in the next paragraph.

#### *The Interreg program*

The European Union has set up many policies and programs to invest in people, regions, (agri) culture, economies etc. A well-known and important policy for doing this is the Cohesion policy. This policy has been set up to improve social and economic cohesion and the policy is all about 'reducing disparities between the various regions and the backwardness of the least-favoured regions' ([https://ec.europa.eu/regional\\_policy](https://ec.europa.eu/regional_policy)). The policy enables funds like the European Social Fund (ESF), the Cohesion Fund and the European Regional Development Fund (ERDF) to invest in many projects in the European Union. For politicians in border regions, the most important tool from the Cohesion policy that they can use to strengthen a region, is the European Territorial Cooperation (ETC) or Interreg program. The background of the Interreg program is that it has 4 key priority areas to increase and stimulate cooperation between border regions. The priority areas of the program are *innovation and research, the digital agenda, the low-carbon economy and support for small and medium-sized enterprises (SME's)*. Within these areas, different projects can be set up and funds are available for businesses, people etc. for (new) cross border cooperation. The individual stakeholders like communities have joined their forces to make use of the Interreg program. Communities with mutual interest have set up the institutes of Euregio to stimulate cooperation and smoothen the administrative processing of the Interreg program. The Interreg program that is currently running (Interreg V, 2014-2020) has a total budget of 10.1 billion euro's for investments in various projects. The Euregio is a key player for approving project propositions for SME's. Because the Euregio as an institute has an important task within the process of potential cooperation, a more detailed description on the history and background will follow in the next paragraph.

### *1.1.5 The establishment of the Euroregions and the institutes of Euregio*

A basic principle of the European Union is to encourage, stimulate and increase cooperation between the individual nations (members) and the people that live within them. As a consequence, the local and regional authorities in the border regions have made new arrangements to improve this transnational cooperation. The first initiatives to establish new partnerships started in 1954 on the German side of the border as an inter-municipal association. Local authorities and local businesses in both Germany and the Netherlands set up an alliance to organize a cross-border conference (Euregio) in 1958. The primary goal was to attract more attention to the peripheral regions to the administrations beyond the municipal levels (Lander, Provinces and Federal government). One of the first objectives was to improve local and regional infrastructure (between the two countries) and gradually, the need and desire for cooperation on various themes became stronger. To perpetuate the cooperation of municipalities with (economical, spatial) interests, the first registered association on the German side of the border has been established in 1958. The first coordinating institute of Euregio has been established in 1966 between the regions of Osnabrückerland, Münsterland, Grafschaft Bentheim (Germany) and Twente, the Achterhoek and Noordoost Overijssel (the Netherlands). The formula of the first institute, which was called Euregio, has been an example for other peripheral regions in Europe. Ever since 1958, more than 80 Euregios have been established in the European Union. In principle, the Euregio is a partnership, but in some cases, it has resulted in the founding of physical institutes as well. It is important to notice that the Euregio is not a governmental or legislative institute. It has no direct political power and it is only entitled to carry out the arrangements of the participating partners (local authorities). An important task of the institute is to guide the administrative procedures for the funding facilities that the EU is offering (e.g. Interreg) (Perkmann, 2007). This administrative process on the subsidies has changed as will be described in the next paragraph.

Initially, the funding for cross border cooperation (CBC) has been directly done by the European Commission. And ever since 1975, the projects and programs were funded through the European Regional Development Fund. The introduction of Interreg in 1989 not only multiplied the budgets, but it also made the various institutes of Euregio responsible for the program and the financial management. From that moment on, the institute of Euregio also had an important administrative role for projects within the framework of Interreg. Every Euregio guides a number of (often regional specific) Interreg-supported projects and all of the projects should have a cross-border character in a substantial, organizational, personal and financial way. In the Annual Report of Euregio and the local/regional municipalities Rhein-Ems in 1996 is stated “projects must relate to a ‘Euregional interest’, linked to a structural and socio-economic significance for the region”. The Euregio has the

important task to shape a 'productive problem solving climate' in order to distribute projects and funding on a balanced and equal way (Perkmann, 2007). Relevant project proposals are first selected by Euregio and then submitted to the Steering Committee (SC). As highest authority, the latter is responsible for the final project approval (Euregio, 2018). Today, Euregio offers various instruments to improve connections of any sort. There are a large number of programs aimed at improving personal, business etc. connections (European Commission, 2018). The institute of Euregio can be initiator, facilitator or supervisor of several projects that are aimed at making new connections and for carrying out new cross-border (economic) activities. As initiator, the Euregio also organizes meetings. As facilitator, the Euregio has a place (Forumbuilding) to meet and as supervisor, it arranges the administrative procedures for the Interreg program. Through all these activities, the Euregio has different tools to link, connect and unite (potential) partners in the different nations alongside borders. It has become an important actor in a network on a specific regional transnational territory. Surprisingly little is known on the importance and added value of institutes that have a similar set up like Euregio. In the exploration phase of this research, information on the concept of a Regional Strategic Network (RSN) has been obtained. It is possible that this concept also fits to the Euregio. The concept will be described in detail in the theoretical framework. In the following paragraph, more specific focus will be on the Euregio of this study (Rhein-Waal) and the projects that support business activity (Small and Medium-sized Enterprises).

### *Euregio Rhein-Waal*

There are 5 Euregio's covering the Dutch-German border. For this research, the Euregio Rhein-Waal has been selected after comparing the Euregio's on projects for cooperation between SME's. The Euregio Rhein-Waal has been chosen because the public information on projects where SME cooperate is clear and transparent. From the 5 Euregio's covering the Dutch-German border, the Euregio Rhein-Waal presents the most distinctive examples of projects on cross border SME cooperation. One of their major tasks is to support SME-businesses in setting up different projects through the Interreg V program. The people at the Euregio Rhein-Waal are very accessible for information and are easy to contact and communicate with. The geographic scope of the Euregio Rhein-Waal is limited to people and businesses that are located within the District of Kleve, the District of Wesel and cities of Düsseldorf and Duisburg in Germany. In the Netherlands, the geographic scope covers parts of the Province of Gelderland with cities like Nijmegen and Arnhem and the West-Veluwe, the south-west of Gelderland, the northern part of the Province of Limburg and parts of Northeast Brabant (Euregio, 2018).



Figure 1: The Dutch-German Interreg program area (source: Europese Subsidiewijzer 2014-2020 VNG).

### *Organizational structure of Euregio Rhein Waal*

There are 50 members governing the institute of Euregio Rhein-Waal. Municipalities and other administrative organizations in the border region (e.g. cities) are predominantly represented. Next to this, the Dutch and German chambers of commerce are members. Ultimately responsible is the Euregio board, which consists of 136 representatives who have a meeting at least twice a year. Also, strategic decisions are made about the further development of the Euregio Rhein-Waal. On each of 3 commissions there are 18 representatives of the board that are actively preparing the proposals in the decision-making process. The 3 commissions are responsible for *cross-border relations, economic affairs and finance & projects* and these commissions counsel on current developments, project approval and the budget of Euregio. The chairman and deputy are chosen from the board for a 4-year session. Together with the chairman of the commissions and two members of the board,

the day-to-day management is formed and their role is to prepare and execute the decisions of the board and manage the secretary of the Euregio. The Euregio Rhein-Waal is situated in Kleve, Germany where there are 28 people employed, both from Germany as the Netherlands (Euregio, 2018). The employees of Euregio encourage and support initiatives and projects of people and businesses. It became apparent through the interviews that they have an important role in connecting (potential) business partners by using their own extended network. It also appears that businesses and business clusters know how to find their way to Euregio and meet other businesses with (innovative) ideas in order to develop a common product or service across the border and get budgets.

## **1.2 Research goal**

The goal of this research is to explore which (undervalued) factors are important in the project administrations of Euregio to support and stimulate SME business network cooperation in border regions. The concept on Regional Strategic Network (being Euregio) is used and this thesis aims to make a contribution on the knowledge on this concept. Existing practices of Interreg projects of the Euregio Rhein-Waal have been analysed with respect to focus on underlying factors because they can make a difference and can be the key to (increasing) success. This knowledge can be used in the set up of future cross border programs and the project administrations of different Euregio's in the European Union.

## **1.3 Research relevance**

### **1.3.1. Societal relevance**

As mentioned in the introduction, as a result of the establishment of the European Union, local and regional authorities in cross border regions have been urged to improve their cooperation. Next to this, businesses have been urged to expand their business networks in order to stay competitive. With the set up of the Interreg program and the establishment of the Euregio's, the purpose is to improve cooperation between authorities and people, but also between businesses. For the Euregio Rhein-Waal, it is important to continuously reflect on the contribution they make for, in this case, an increase in cooperation of SME-businesses in the border region. This research can help the institute Euregio Rhein-Waal with this reflection. Accordingly, by improving this, members (e.g. municipalities) of Euregio can (economically) benefit and develop as a result of improved cooperation and successes. Moreover, these individual members have to account for the budgets they spend on their membership. In addition, businesses in the border regions can benefit from the increased knowledge on the Interreg program and possible improved facilitation of projects by Euregio. It can help



businesses to improve their business strategy (on innovation), to become more competitive and to expand their network.

### 1.3.2. Scientific relevance

There is scientific literature on cross border innovation systems (Tripl, 2009) and scientific literature on the functioning of the Euregio as an important partner for cross border cooperation (Perkmann, 2002). Also, a lot of research has been done on the functioning and management of business networks (McAdam et al, 2014) and strategic alliances or networks to facilitate businesses in their cooperation (Håkansson et al, 2002). However, research on the relationship between strategic networks and the (geographical) region has been limited so far. Research on this relationship only has a short history and the number of studies is limited. It is assumable that this may be the result of the so-called geographical paradox. There has been much debate amongst scholars about if technology and innovation reduces distance and if this has a positive impact on business relationships, or that proximity is valuable for the technological and economic development of businesses (Lundberg, 2008). The study of Lundberg discusses the potential relationship between strategic networks and the regions and presents the concept of Regional Strategic Networks as a tool for regional development. This research builds on this concept and wants to discuss and add knowledge on if the Euregio fits as a Regional Strategic Network. Also, this study aims to take it a step further by adding knowledge on the functioning of such a network. Through in-depth investigation, knowledge has been obtained on specific factors (contact, information, communication) that are important for this. This study wants to be innovative on revealing the possibilities and impossibilities of the often under valued aspects for (new) cooperation between businesses in the Dutch-German border region. With this research, a small contribution can be made on the concept of a Regional Strategic Network as it has studied the underlying dynamic process.

#### **1.4 Research questions**

To find out what contributions can be made by the public institute of Euregio to enable or constrain business networking and improve regional development in the Dutch-German border region, the following main research question is formulated:

***In which ways is the regional strategic network of Euregio able to make a contribution on the development of the Dutch-German border region by enabling (or not) business networks to benefit from SME-related projects.***

To find an answer to the main question, the following sub-questions should be resolved:

- 1. Which factors are important within business networking and cooperation?*
- 2. Which contribution does the establishment of a Regional Strategic Network make for developing businesses and their networks?*
- 3. Which factors are important for the development of business networks in the Dutch-German border region?*

The information to answer the sub-questions will be gathered throughout the research. The theoretical research provides important information to answer sub-questions 1 and 2.

Sub-question 3 can be answered by putting the information of the theoretical research in relation to the results of the case study. The sub-questions will be answered in the conclusions and together; they will provide the input to answer the main research question of this research.

#### **1.5 Reading guide**

This reading guide is written to explain the structure of this report. In chapter 1, the project framework, the research goal, the societal and scientific relevance and research questions have already been discussed. Chapter 2 discusses theory behind the functioning of business networks and the factors that are important for successful business cooperation. It describes the dynamic/static position and motivation of businesses to participate in certain business networks. The potential, the benefits, the urge and need to participate within international (cross border) networks will be discussed. Furthermore, the historical and social elements that influence this process and the role and contribution of a third party will be discussed. Factors that are important for successful business network cooperation and relate to the empirical findings will already be emphasized. More important, the background and purpose to establish Regional Strategic Networks will be explained. In addition, the theoretical study will provide the focus areas for the research methodology in chapter 3. Within this chapter, the choices are explained regarding the following case study, case

selection and the interview approach. Also, the data analysis will be presented which provides the confirmation on the factors that already emerged from the theory that are being considered as important for successful business networking. In chapter 4, the results of the analysis are presented by discussing the 3 important factors more in detail based on the empirical findings. Chapter 5 contains the conclusions. The research questions will be answered, a critical reflection will be made on this research and recommendations will be given for follow-up research.

## **2. Theory**

### **2.1 Theoretical framework**

In this chapter, the background of business networking and the factors that are important within this process will be defined and discussed. There is much scientific literature regarding the benefits and importance of business networking and this content provides an important component within this research. Following this, and even more important, an extensive description will be given on the concept of Regional Strategic Networks. From this perspective, the role of the Euregio is studied within the process of enabling business networking and cooperation. This chapter will be concluded with a summary on the most important findings. Together, these findings are the starting point for the case study.

#### **2.1.1 Business networking**

There are many activities that a business has to undertake in order to be (come) successful. It is clear that competitiveness is an essential pre-condition. In order to be competitive within a free market economy, a business needs to deploy a number of instruments. Low production costs are important, but entrepreneurs need a full set of tools to keep their development going. The other key elements that are needed for successful operational business management are flexibility, the capacity for innovation and the position and ability to act within relevant business networks (McAdam et al, 2014). The markets (e.g. local, regional, international) in which they have to find their position are highly dynamic and the related networks are continuously changing. The changing of these networks has given rise to doing this research. It is interesting and can be useful to understand how the local and regional networks and businesses are able to evolve within the dynamics of international transformation processes. After all, SME-businesses are often oriented on local and regional markets and networks. The fundamental base of these local and regional markets and networks for a long time has been set within a primarily national (in this case German or Dutch) context. The fast developments within information and communication technology and the possibilities to work in other markets have enlarged the opportunities of businesses to enlarge their network and extend their economic activities. As a consequence of the rapidly changing (inter)national economies and

markets, the local and regional oriented businesses have also been forced to change their business activities in order to stay competitive. And next to a local and regional business network strategy, businesses often need an international network strategy while they were originally just focusing on the local or regional level within their country (Johanisson et al., 2002). For the border regions, this focus can be even more important as these levels are within a short reach and distance.

To understand the efforts that businesses undertake to improve their business network, it is important to know which aspects they use in their decision-making and which aspects are fundamental for the actions that they carry out within their specific group or discipline. In order to (financially, economically, socially etc.) develop and succeed in the business goals, according to Nijkamp, 2003, the business (or entrepreneur) needs four characteristics. Most important aspects are that first, that it knows what its position is within the economic system, second, that it knows (exactly) which economic activity it fulfils, third, that it knows which financial risks should be taken within the context of economic benefits and fourth, which local and global market trends there are (Nijkamp, 2003). These aspects emphasize that for a business to be(come) successful, it is necessary to be innovative and act dynamically with an open attitude towards other businesses. As Schumpeter in 1934 already said: 'Everyone is an entrepreneur only when he actually "carries out new combinations" and loses that character as soon as he has built up his business, when he settles down to running it as other people run their business' (Schumpeter, 1934). These theoretical studies already make clear statements about the preconditions and instruments a business needs. It needs *information* about the markets and it needs to continuously look for new connections or *contacts* to develop new products and business. In line with this, the already mentioned rapid changes within the information and communication technology urges business to change their business strategy. It is important for a business to be aware of its position within a network and how it can use the other partners within networks that are useful for them. A relevant theory to underpin this is 'The Rise of the Network Society' by M. Castells (2010). As main arguments, he states that we now live in the information age. Communication technology has developed in such a way in recent years, that it has an enormous impact on society, and on how human beings experience time and space. He argues that space is a constructed concept on the basis of experience and therefore of great influence on social changes. For the more dense (spatial) regions, this means that the revolution in communication technology has substantial effects on social relationships and physical contiguity (Castells, 2010). According to Castells; "the logic of the network is more powerful than the powers of the network". Businesses for this matter must realise that the access to the right *information* and the connections to the right partners is becoming increasingly important and are the key to success. The liberalization of world markets effected regional markets that were urged to establish new networks

of cooperation. So the local and regional businesses must be aware that they are in a continuous dynamic process in order to compete with other businesses that have technological advantages. Cooperation and innovation within a network of interaction is therefore absolutely vital for businesses (McAdam et al., 2014). Or as Amin and Robins (1991) have argued, there is “a new articulation of global and local dynamics...”, meaning that it nowadays is essential to have an open market view for successful business management.

It appears that networks are becoming more open, dynamic and important for interactivity than spatial patterns (location). The so-called ‘Space of flows’ is becoming structurally dominant where the connections to others within the organized network are actually a primary element of the (successful) business. More specifically, to make use of a network effectively, through a better personal *contact*, the range of two or more businesses should become shorter and the frequency and the intensity of the interaction can be increased. As Castells puts it: “Networks are open structures, able to expand without limits, integrating new nodes as long as they are able to *communicate* within the network, namely as long as they share the same *communication* codes (for example, values or performance goals).” Next to this, on a cultural, societal and physical (geographical) level, the European Union is structurally transforming spaces. New (business) networks arise, yet the connections are dependant on the ability to communicate, the willingness to share information and to find and cooperate with new partners and make new ‘nodes’ within the network. The degree of effectiveness and efficiency of a network might depend on the needs and characteristics of the processed services or products. Also, (dominant) business elites or institutional efforts (e.g. of Euregio) can highly influence the traditional situation as they are in need of fulfilling their interests. As Castells puts it: “Business firms and, increasingly, organizations and institutions are organized in networks of variable geometry whose intertwining supersedes the traditional distinction between corporations and small business, cutting across sectors, and spreading along different geographical clusters of economic units.” (Castells, 2010). Also, in order to successfully manage a business, according to Krizner (1973), it is important to ‘know where to look for knowledge’ also called ‘the highest order of knowledge’. Or, as one can also say that, in order to stay competitive, a business should frequently question the *information* that is obtained through the regular and already known methods and make *contact* with new network partners in order to operate optimally in continuously dynamic markets. As we can see, for businesses to develop, it is very important to use several (business) networks. Businesses that are actively connected to other businesses will be better able to compete in other or expanding markets. By exchanging information on products, services, the markets etc. businesses can adapt their strategy in order to reduce financial risks. Through cooperation, knowledge exchange, innovation and new combinations, businesses can preserve their

advantages or get in the lead. For businesses in the border regions, these factors might be more challenging. They will therefore be discussed in the case study.

### **Local and regional business networks**

The earlier mentioned definition on business networking already pointed out that the importance of business networking is: "... to form business relationships and to recognize, create, or act upon business opportunities, share information and seek potential partners for ventures." (Österle et. al, 2001). It has already been argued that the definition refers to the fact that businesses need an active business network strategy. Again and according to Spanikova et al (2014), the objectives for collaboration by businesses are common development, information sharing and becoming more innovative and competitive in a market. Furthermore, the power of a business network is that it is greater than the efforts of individual businesses. The support and input of the different types of businesses and participators gives the network strength (Word, 2009). The businesses that are participating in a network are linked through communication channels and they have compatible goals for interacting (Vervest et al, 2005). Operational and informational (marketing) requirements are needed to support the network in its best functioning (Lundy, 2001). For a long time, business networks and SME's were locally or regionally embedded. As Johannisson et. al, 2002 puts it: "embeddedness may concern, on the one hand, the structure of relations that tie economic actors together and, on the other hand, the social strands supplementing economic strands in each relation." In other words, traditional, long-lasting connections of businesses in a network can be very strong, but a business can also be very dependent on these connections. The connections may have become more personal than commercial. In practice, the situation is that there is actually a field of tension regarding the network activities that businesses undertake. On the one hand, there is a need and willingness for businesses to deal with their original partners. On the other hand there is an urge but also struggle to continuously 'deal' with new and other partners. As Ackoff (1990) notices, 'networking and flexible specialization have become closely interwoven phenomena, but these phenomena take place in a geographic force field of regions or cities'. Cultural and political factors have had influence on the degree and specific type of businesses that are present in local and regional regions (Baumol, 1990). On the one hand, borders have been barriers and access to other countries and markets has been limited for a long time. As a result, in peripheral and border regions in general, the SME business-density is relatively low. On the other hand, border regions may have attracted specific types of businesses (e.g. logistics) because of their own characteristics. In any case, for local and regionally embedded businesses, networking is an essential instrument within their business strategy and according to Nijkamp, 2003, the modern entrepreneurial 'hero' is largely a 'network hero'. Moreover, this not only goes for global companies, but this is also relevant for Small

and Medium Sized Enterprises as learning-by-doing and inter-firm network cooperation increases the competitive potential of new business initiatives (Malecki & Poehling, 1999). Equally, businesses from every type and size need to be 'network entrepreneurs' with the ability of gathering and using the right (amount of) information in order to have international access, to be aware of new partners and be active within a 'larger' market. Modern entrepreneurs and businesses have to increasingly be creative network operators and managers (Nijkamp, 2003).

### **Summarizing: important factors of business networking**

The theory on business networking has provided elementary information on the process and importance of business networking. A business needs to be aware of its position able to actively move within the networks of use. An active business networking strategy is needed in order to be competitive within the continuously changing (international) markets. Obtaining, sharing and exchanging *information* is an important factor to stay updated on the markets, products etc. And with the right (new) partners or *contacts*, product or market advantages can be achieved. In any case, the pre-condition of good *communications* is an important factor for information exchange and setting up and maintain connections within a network. In this case, the word 'networking' might be more appropriate because it indicates the active process with the various old and new business partners. It can also be referred to as: 'interaction in network contexts (Ford et al., 2003)'. The networking process can be challenging for SME-businesses in general. For businesses in border regions, with changing local and regional market (opportunities), this can be even more challenging. For this reason, the establishment of a Regional Strategic Network (RSN) may be able to contribute to business network development and regional development. In fact, an RSN can have a crucial role in reinforcing regional development. In the next subchapter, the concept will be described and it will be argued how the Euregio fits this concept.

#### **2.1.2 Regional Strategic Networks (RSN's)**

It has already been described that businesses need to have an active business strategy to position themselves within various networks for their best performance. The basic needs didn't change that much throughout the years. The conditions for connecting with new relations and for entering new economic markets however have changed in the last 30 to 40 years. It has already been mentioned that the informational revolution has provided easier, better and a more comprehensive access to other businesses, markets and networks (Castells, 2010). Furthermore, it has also been discussed that the European Union is politically ambitious to reduce the several (cultural, economic, political) barriers between the European member states. By making specific policies and offering (financial) incentives, it aims to stimulate cooperation on different levels (EU, 2019). The most well known

example of this is the Regional Policy that has been described earlier. Yet, it is important to realize that to make policy is one thing, but to implement it, is another. There are different tools that can influence or support these policies and contribute to regional development. In this perspective the concept on Regional Strategic Networks is relevant. This concept has already been described as *“long-term, purposeful arrangements among distinct but related for profit organizations that allow those firms in them to gain or sustain competitive advantage vis-à-vis their competitors outside the network. A “hub” that acts as facilitator and driver administers the networks. (Jarillo, 1988, p.32)”*. In short, the concept of an RSN can be recognized by a number of features. The first feature is that the RSN has to be set up by an initiator and that it consists out of member organizations. The second feature is that the RSN has a central function and executes administrative tasks as a so-called ‘hub’. This means that a formalized structure will be set-up for a specific project period to enable the member firms (businesses) to develop a common culture and mutual trust. When the project period and the external support ends, the members are expected to proceed their cooperation through self-organization. The third feature is that an RSN can help to reduce the deficit in trust by encouraging and coordinating interaction and cooperation. With sufficient trust, the exchange of information and experience can be developed. The job of the ‘hub’ is to drive the process of (promoting) interaction. The fourth important feature of an RSN is, that it is an independent actor that is financed by (public) members that have no financial interest in the activities. Furthermore, the hubs within RSN’s are expected to have a view on the network and communicate strategic ideas and intentions to the members (Lorenzoni & Baden-Fuller, 1995). The fifth important feature is that RSN’s are restricted to act within specific boundaries. There is the restriction that an actor is part of the RSN and it has to conform to it, but side effects are possible for actors outside the RSN. The five features that are discussed are fitting closely to the characteristics of the institute of Euregio. It is striking that the connection between an RSN and the institute of Euregio hasn’t been made yet, as in fact all of the described features apply to the Euregio. In the following subchapters this link with the Euregio will be discussed further. As a result, the concept confirms the importance and contributions that are made by the institute of Euregio (as an RSN) in order to enable business network development.

### ***Regional development***

In order to demonstrate the role of Euregio, the main concept that can be used is the concept on Regional Strategic Networks (RSN’s) of Lundberg (2008). This theory will be explained in the next paragraphs and the parallels between an RSN and the Euregio will be discussed. The most important similarity that can already be revealed is that both RSN’s and the Euregio indicate that regional development is influenced by improving profitable and competitive advantages by creating long-term relationships (arrangements). In this research, it will be argued that the Euregio fulfils this role



for regional development in general, and for businesses in the border regions specifically. It is important to notice that geographical proximity may be valuable for the technological development and economic performance of businesses, but several studies have also pointed out that the most important relationships are not in the immediate surroundings of businesses (Markgren, 2001, Malmberg, 2002, Kingsley and Malecki, 2004). Nevertheless, it has been suggested that proximity can be an aspect for the development of various *networks* and *information* sharing (Ropoport, 1979). And if networks then have been established, it will be easier to maintain them if the partners are in the same area (Harhoff, 1999). Performances within business networks on the regional level are more likely to be attributed to joint development and mutual knowledge through which long-term relationships have been built. These 'traditional' business relationships and networks are very strong and are more important than the location where a business partner is situated. But apart from the traditional functioning of (business) networks, the increased international (economic) interaction and globalization process puts pressure on regional administrations regions. As a consequence, administrative networks have been strengthening their position to their best ability like improving transportations, communications etc. Local authorities and regions are aiming to improve their 'competitiveness' as well. It has turned out that this process also leads to a combination of competition and cooperation that coexist within trusted networks of (business) relationships (Harrison, 1992). In any case, increasing (political and market) changes have enabled Regional Strategic Networks to develop.

For border regions goes that a lower population density in general characterizes them. For a long time, these regions have been of less economic importance because these region's have been appointed as military zones and regions for protection and supervision (Anderson & O'Dowd, 1999). The changing character of these specific peripheral regions and the changing of the markets have allowed new business relations to be established. Through innovations, knowledge exchange and the sharing of information, new business relationships and new networks are being developed. However, because there are still many (imaginary?) constraints to overcome, the support of an (independent) institute is therefore desirable and necessary. The important question that rises here is, to what extent local/regional political strategy should contribute in shaping ideal circumstances in which a business (network) can develop. In fact, it can be questioned if it at all is possible to shape successful places for businesses through governmental policy (Porter, 2000). There is debate amongst scholars about the effects of political strategy on contributing to and the establishment of business clusters. Governments may have some tools to intervene in the composition of business districts, but to a larger degree, there are many other reasons for businesses to choose for a specific location. It is nearly impossible to predict whether a certain business will be able to settle, grow and attract other,

similar companies to a specific region (Lazerson & Lorenzoni, 1999). Then again, throughout history, several business districts have developed where large firms have spread knowledge and technology, which enabled other (smaller) businesses to also settle in that specific region and form a cluster (Enright, 1996a). Local and regional governments have developed policies (or had no policy at all) with which the conditions were created and opportunities were given for businesses to develop and to be competitive. But it is important to keep in mind that competition is not exclusively up to businesses. Regions on various scales tend to be in competition with each other as well, especially when economic and business development is at stake (Malecki, 2004). Even between the different countries (in the EU) there is (economic) competition. But when it comes to regional development policy, this is often aimed at the SME businesses (Lindström, 2005). Regarding the stimulation by governments of 'networking' and policies that have the intention of reinforcing connections, contacts with larger firms, research institutes or higher education institutes are logical and useful. Especially when it comes to the interaction and accessibility of information and the development of knowledge and innovation, a network with concerned partners is very valuable (Ahuja, 2000).

For politicians of individual local authorities, a Catch 22 situation can arise. They can develop their own economic policy and strategy and make a contribution to the development of business networks within their own region or they can join and participate a broader regional (strategic) network. In fact, there sometimes seems to be a discrepancy between local or cross border regional strategic network policies and the strategic choices that businesses make. Especially when it comes to the encouragement or focus on specific types of branches and businesses, policies aren't always reaching the businesses that are already present in a certain region. There is a 'risk' that these businesses will not join the intended network and will not cooperate at all (Lazerson & Lorenzoni, 1999). Exchanging information and the sharing of knowledge will then be(come) even more difficult. Also, specific network policy can narrow opportunities and the forming of new business relationships. But in any case, as businesses are often lacking the 'bigger view' on opportunities and threats, a third party, facilitator or hub can be crucial for the coordination of network activities as well as being the initiator or motivator for members to interact (Sölvell et al., 2013).

In general, many SME-businesses are not capable (e.g. due to their size) of getting good access to the right information. Yet, knowledge and information sharing is essential to deal with the pressure of globalization processes. Historically, relations have been developing though social interaction, but today, the markets demand businesses to continuously be interactive in exchanging information and knowledge (expertise) next to their flow of finance, services and goods (Lundberg, 2008). This interaction between business relationships is functioning at its best when the output is mutually

beneficial. Through cooperation of businesses in a network, the results can exceed the result that the business on its own would have. Specific knowledge on how to make a product or how to offer a service or on how to produce large quantities of products or services can put a business in the lead and make it more competitive within its market. This also goes for product innovations because synergetic effects can be created. However, the sharing of information can also make a business vulnerable and form a threat to its independent position. Especially when it comes to the sharing of sensitive information, strong relationships are essential (Burt, 1992, Granovetter, 1985). It should be noticed that within the networking process, relationships could become stronger, but also get weaker. This is a continuous and dynamic process by itself. It should be noticed however, that an independent institute (a hub) or organized Regional Strategic Network can be very valuable in this process. For the Dutch-German border region, the institute of Euregio can be indicated as RSN because it aims to make a contribution to this process by using the Interreg program.

### ***Cross border network interaction***

When it comes to network interaction in cross-border regions, it has already been argued that proximity seems to add only little value (Boschma, 2005). Interaction is not self-evident and opportunities for interaction remain unused because of differences in rules and regulations or insufficient communications. On the one hand, one might think that proximity can offer chances, but on the other hand, other constraining factors can have counterproductive effects.

It is mentioned earlier that to improve the functioning of cross-border networks, there is a need for so-called 'hubs' (Christensen and Kempinsky, 2004). These 'hubs' are institutes or organizations that drive, facilitate or initiate projects in which cooperation can develop. The hubs are challenged to build trust and commitment between the various networking partners. It has to be clear what demands, expectations and possibilities partners can have.

For regional strategic networks and the cross-border (peripheral) regions, the Euregio can be seen as one of the (independent) institutes. Local governments are members and they are financially supporting Euregio. As a result, a new strategic network has been created with the goal of developing people and businesses in these peripheral regions. Between the involved members of initiated network projects, mutual trust and common cultures should also be developed within the timeframe of the projects that have been set-up. This way, at the end of each project, the involved (commercial) members are expected to self-organize future cooperation. Again, future relationships and networks have the best chance on sustainable success when all actors are committed and there is a prospect on significant advantages (Christensen and Kempinsky, 2004).

### ***Benefits of regional networks***

The advantages of making new connections and for establishing regional strategic networks should be clear. Obviously, the financial and economical benefits are an important factor for using an RSN and for joining an initiative and invest in cooperative actions with businesses abroad. The proximity and accessibility of (new) networks can help to improve interaction, communications and information exchanges. Especially within specific geographic region's (cities, communities etc.), there are smaller informal but rather random networks functioning (Ropoport, 1979). As it comes to regional strategic networks however, interaction between the connected partners has been more specifically directed. And as relationships between the business partners within a local community are stronger, specific information between concerned business partners might be shared faster and more easily. However, this can also be undesirable and damage the image and reputation of a business (Blois, 1998). In order to manage the interaction between the network partners, again, the 'hub' can take the strategic position. The most important role of the hub is to facilitate initiatives of the participants within intended networks so (new) possibilities can be explored and cooperation (e.g. instead of competition) can develop. Even though projects and funding within regional strategic networks (such as Euregio) have demarcated funds and limited timeframes, the underlying goal is to encourage the circumstances in which continuous interaction between businesses is desirable (Granovetter, 1985, Uzzi, 1996).

From a regional perspective, it is not just the economic aspects, such as profit maximization and cost reductions that are fundamental for business development, it is also proven that social interaction is of great importance. Mutual confidence and shared norms and beliefs are essential for long-term cooperation within a network. There is not exclusively a formal structure of contacts within a certain network. Often, through personal contact and interaction, the transferring of knowledge and information leads to the recognition of new opportunities. Moreover, interpersonal relationships are more effective for building networks than organizational relationships (Palmatier et al., 2006).

### ***Euregio as the triggering entity***

In order to develop cooperative business networks, a triggering entity can be used. The role and independent position of this entity can make businesses aware on recognizing (new) interdependencies. This can result in the potential connections of businesses that are complementary to each other. Especially for SME's, the entity can contribute in the limited information-handling capacity and the restrictions on the information access (Johanisson et al., 2002). As a result, the network view of businesses can be expanded (Snehota, 2004). Persons, businesses or governments can fulfil the role of triggering entity as long as several potential

participants are being convinced that common views on business affairs can result in new collaborations (and further development). If we look at the border region, the Euregio has the characteristics of fulfilling the role of triggering entity. It fits the argumentation that: "A triggering entity may be what is needed to overcome an information hurdle, especially if the triggering entity itself may imbue the project with legitimacy and trust" (Sölvell et al, 2003). In the border regions, and previous to the establishment of the Euregio, there have been local and regional administrations that fulfilled the triggering role in the establishment of RSN's. There are several instruments (organizing projects, arranging meetings, creating platforms) to stimulate the making of new connections and the building up of networks. With the establishment of (new) relationships, mutual advantages can be obtained within competitive market situations. It has already been mentioned that cooperation can be beneficial because it can lead to cost reduction (production and handling), an increase of innovation and technical development and improved sharing of information in order to be(come) more competitive (Håkansson et al., 2004). On the contrary, preserving new relationships also demands making costs, spending time and making efforts that can be at the expense of flexibility and also can lead to increased dependency. Also, it is clear that there are different types of relationships within networks and the quantity can help in gathering more information on the highly dynamic markets. Every contact has a different value and the position within every network that a business is in, is variable. Obviously, the role can be different from business network to business network and the strength of each relationship can be very much depending on market conditions and demands (Halinen and Törnroos, 2005).

### ***Business network potential***

For vital business exploitation, it is essential to continuously aim for product innovation. To stay competitive, it is very important to have cooperative relationships to share and develop resources, to innovate and have access to the right information (Ford et al., 1997). However, this is not a static process. Relationships come and go depending on the needs of the partners. Obviously, this dynamic process also may be of use to businesses that are active in cross-border regions. Geographical proximity and traditional connections can be a factor for building new relationships, but specific factors may be even more influential (Halinen and Törnroos, 2005). It has become clear that knowledge and information exchange for example are becoming increasingly important. And next to this, policies and ambitions can contribute to an increase of cooperation. In Europe, the administrative regions have experienced many changes in their policymaking. For the border regions, the regional strategic networks that have been established are becoming evermore important within the development process of business networking. The role of Euregio is two-fold. It links the different members (municipalities) so they can synchronize their policy on stimulating business network

development. Next to this, they are the triggering entity and hub in which they organize and facilitate meetings and are responsible for the administrative procedures and for stimulating Interreg projects and the contribution of SME-business network development.

**Summarizing: the RSN and the opportunity to develop business networks**

The theory on Regional Strategic Networks has provided important information on the background of RSN's. An RSN can make an important contribution to the members (municipalities) and actors (businesses) within a specific region. The goal of an RSN is to reinforce regions with the use of a common, superordinate policy. The Euregio has the characteristics of an RSN and through the Interreg program, it is able to contribute to the cooperation of business (networks). The 5 features of an RSN and in this case the Euregio are important. As a 'hub', an RSN is an initiator (in the case of Euregio an institute), it consists out of members (in the case of Euregio, mainly municipalities), it has a central and administrative function (in the case of Euregio of Interreg projects), it aims to encourage and coordinate interaction and cooperation. The exchange of information and experiences is important to do so, it has an independent position and no financial interest and it has restricted boundaries (geographical district of the members in the case of Euregio). The Euregio is appointed to (administratively) execute the Interreg program. With the focus of improving SME-competitiveness in the border regions, business have the opportunity to (financially) benefit, cooperate with other businesses and extend their business networks.

## 2.2 Conceptual model

To visualize the setup of this research, a conceptual model has been made. The model shows how deliberate activities of businesses and (external) institutes are interrelated to each other in a border regional context. First, it is expected that businesses have a business networking strategy in order to be competitive. Theory on this discusses the competences, characteristics and strategy that are needed for businesses to accomplish this (a). As a result of business development, regions are also able to develop and economically benefit. This can also be the case for the Dutch-German border region (c). For this region, the Interreg program can be used which offers extra opportunities for both Small and Medium-sized Enterprises (businesses) and the regions (b). Administrating the Interreg projects and budgets, the Euregio fits in the concept of a regional strategic network to develop the regional economy in the Dutch-German border region. Theory on business networking (a) is related to the specific factors that enable (or constrain) regional developments of business networks in the Dutch-German border region (c). The input of Euregio is used to see which contributions could be made within this process (b).

### Conceptual model

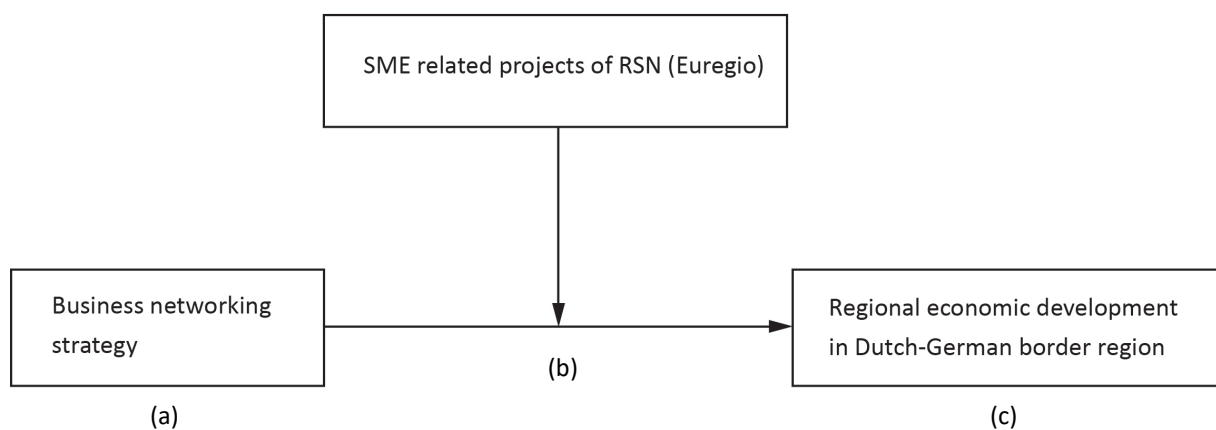


Figure 2: Conceptual model (source: self made)

### 3. Methodology

In this chapter, the steps that have been taken to approach this research will be described. The chapter starts by explaining the research strategy with a description on the methods that have been used in this research. After describing how the desk research and the case study research have been done, an explanation on the semi-structured interview methodology will follow. The most important factors that derived from the theory that are used for the case study will be described next. The subchapter that follows will describe how the research material is collected and it will explain the selection of the cases and the interviews. The last subchapter will describe how the data analysis has been done.

#### 3.1 Research strategy

Every research needs its own strategy depending on the central issue that will be studied. There are several choices that needed to be decided on. The researcher has to choose on if the research will be quantitative or qualitative and on if information will be gathered through desk research or empirical research. This research will be carried out as a qualitative research. A qualitative approach has been chosen by considering two aspects.

The first aspect that had to be decided on is whether the approach should be *broad* or *in-depth*. As every project and initiative of Euregio is very much different from another and only some are aimed at reinforcing business networks, it is not obvious to develop a general design for other (new) projects or initiatives of Euregio. For this research, an in-depth approach is the best practice as it gives the opportunity to go into detail on specific matters that enable or constrain potential success of Interreg projects for SME's. The in-depth approach has enabled the researcher to confirm the factors that are important within this process. As a result, a more thorough research could be done on a few specific cases.

The second aspect that had to be decided on, is in what way information is obtained that contributes best in answering the main research questions and helps to achieve reaching the main goal. The approach will be explorative. This means that the desk research has been done to explore both the (general) background of the business networking process and the contribution of regional strategic networks. The case study has been done to more thoroughly explore, detect and confirm important factors within the cross border business networking process. The number of projects and initiatives in the Euregio is only limited and every project or initiative has its own character. Because of the limited number of cases, quantitative research is not possible. The main research strategy will



therefore be qualitative and the essential data will be collected from a few specific cases. Both desk research as case study will be described in the following subchapters.

### *3.1.1. Desk research*

Preceding the case study, desk research has been done to shape the basic framework for this research. Scientific publications have been explored (e.g. of McAdam et al., 2014) to get a grip on the background (and important factors) of business networking strategy and the benefits that a strategy can have for businesses in border regions (e.g. Johansson et al., 2002). Knowledge on the factors that can make a difference in managing a business can be crucial for its vitality. Various studies (e.g. Spanikove et al, 2014, Nijkamp, 2003) have pointed out that interaction or networking with other partners is a very important aspect. For businesses in border regions, other constraints and opportunities can also be relevant (e.g. Felbermayr et al, 2018). As a consequence, the external changes in policy and the gradual establishment of Regional Strategic Networks that influence and contribute to business network activity must be taken into account (e.g. Klatt, 2011). Together, the theories will be used as framework to put the (practical) case study in perspective.

### *3.1.2. Case study*

The empirical data for this research has been collected and analysed through case study. The case study research will be used to find out how the SME related projects of the Euregio relate and contribute to business networking and regional development in the Dutch-German border region. Each Interreg project of the Euregio for SME's is very different from the other and therefore, a lot of in-depth information about the context can be gathered by interviewing the respondents of the projects (cases). This gives the opportunity to go into detail on the meanings and experiences on the specific underlying factors that enable or constrain business network cooperation through the projects of Euregio. Moreover, the relationship between the factors can be explored with in-depth research. Because of this, case study research is the most suited strategy for this research. It is inductive because the information finally results in general ideas and concepts regarding the main issue (Verschuren & Doorewaard, 2015).

### *Interviews*

The cases that have been selected for the case study all have the intention to improve business activity across the border. The selected cases are aimed at empowering business activity (by offering financial incentives) and aim to improve cooperation and enlarge business networks. Face to face interviews are most appropriate for this matter as the experiences and the different viewing points can be exchanged. This way, the participants within the selected projects and networks can be

studied best. Different experiences on the enabling and constraining factors of business networking in the Dutch-German border region are compared, compiled and published by the interviewer. In order to get nuanced information on the topic, for this research, a semi-structured interview is chosen because it allows informants to express their views in their own terms on important factors that contribute and influence business networking activity, even though they may be hard to value. Within the context of a set of questions, the interviewee is given the opportunity to not only talk about, but also reflect on his/her project. This flexible form allows the interviewer to ask more detailed questions in response to the already given information.

Central matter in this thesis is the effect and contribution of specific projects of Euregio on small and medium business networks in border regions. The Euregio has been facilitating many projects on SME-competitiveness from the Interreg A program for many years. Their view is important and has therefore been studied as a separate case. Next to this, on 3 projects of Euregio case study has been done regarding the activation and improvement of (SME) business in the border region. The projects that have been studied are *International Networkburo*, *Digipro* and *Kiss Me (Knowledge and Innovation Strategies involving Small and Medium-Sized Enterprises)*. The projects were in different phases and the interviews have been done with both the initiating partners as participators. To get a better perspective on the relationship between projects of Euregio and the factors that influence business-networking activity, the participants that are selected for the interviews have different interests. This way, cases (e.g. projects) can be compared and this will result in a more comprehensive view on the topic. All interviews will be prepared and have the purpose to cover the same elements and questions. However, as the approach will be semi-structured, the point of view of the interviewees will be different. The questioning will be open with room for more extensive explanations (Baarde et al, 2005). Emphasis will be on the influential factors of projects and collaborations and potential changes for future projects. Questions concerning the contribution and dynamics of Dutch-German business networks will be the point of focus. The interviews are recorded and transcribed using the program Transcribe.

### 3.2 Research Material

The empirical data that has been collected for this research has been gathered through interviews. Interviews have been done with initiators of Euregio and participants in the different projects. The main objective for collecting the data is to get a better understanding of the factors that constrain or enable the contribution of projects of Euregio on the cooperation of businesses and the development of business networks. In the following subchapter, the choices for the selected interviews are being substantiated.

## Case selection

To collect information about the Interreg projects of the Euregio Rhein-Waal, initially 6 cases have been selected through purposive sampling. There are many projects being initiated through the Euregio, but only a number of them are focusing on improving business activities across the border. For this research, instrumental case study has been done on 3 of the selected cases. The Euregio itself has also been studied as a separate case. The number of cases that have been interviewed has unfortunately remained limited. Despite several attempts to arrange meetings and interviews, the efforts have not always been successful. But the cases that accepted the invitation for a meeting/interview have nevertheless provided specific insights on the enabling and constraining factors of cross border business cooperation of SME's and the Interreg projects.

## Cases

Next to the three specific cases on the contribution of projects of Euregio, the program management of Euregio itself has been asked to express its view on their experience and the factors of importance on business (network) cooperation. This study has provided much 'general' information on the development of the projects throughout the years. The experiences of the successive Interreg programs can be put in perspective of the experiences of the current projects so far. It provides useful content information to understand the special value of each particular case.

The first case is *International Networkbureau*. As an initiative of the Wirtschaftsförderung (economic development) Bocholt and the municipality Oude IJsselstreek, the goal of the project is to support entrepreneurs on both sides of the border. There is 'matchmaker' who helps to find the right business partners across the border. It directs entrepreneurs who experience issues with border-crossing activities and furthermore, it also organizes and joins events that are intended to make (new) business connections. The active timeframe of the project is 2016-2018.

The second case is *Digipro*. The project is set up to improve digitalization and stimulate innovation for SME-businesses. It focuses on IT-engineering and technical and productive industries. The main goal is to exchange knowledge for mutual advantage and as a result, these businesses are able to stay competitive. Events and workshops are organized by the Dutch and German partners like Oost NV and the Niederrheinische Industrie- und Handelskammer for SME-businesses. The active timeframe of the project is 2017-2021.

The third case is the project *Kiss Me (Knowledge and Innovation Strategies involving Small and Medium-Sized Enterprises)*. This project is initiated to reinforce the competitiveness and

innovative potential of SME in border regions. By using and exchanging experiences, best practices and know-how of other European regions, purposeful instruments (subsidies) can be developed to improve the potential of border regions and accessibility of new networks and markets. The timeframe of the project is 2017-2021.

As a separate case, the Euregio itself has been interviewed. Throughout the years, many experiences have been gained via the program management. With an overview on the various projects, they know where there are possibilities or difficulties in the interaction process between businesses in two different countries.

<b>Interviews</b>			
<i>Project</i>	<i>Who?</i>	<i>When?</i>	<i>What?</i>
<b>International Networkbureau</b>	Ronald Cieraad	June 2018	Matchmaker, project coordinator
<b>Digipro (OostNL)</b>	Erwin Altena	February 2019	Regio coordinator Digipro
<b>Kiss Me</b>	Sina Hoch	December 2018	Project coordinator INTERREG Europe project KISS ME
<b>Interreg VA Euregio</b>	Piet Boomsma	December 2018	Program management Euregio

### 3.3 Data analysis

A number of steps have been taken in the process of collecting and analysing the data to answer the research questions. The first step was to conduct interviews and record them after which they have been transcribed into a written document. In the second step, the data of the different interviews has been analysed using the computer software Atlas.ti. In the setup of the interviews, the questions discuss the underlying factors that also derived from theory. The key factors have been selected and coded in the different transcripts and they will be presented in the analysis. An overview on the coding can be seen in Appendix 2.

Regarding the process of the data analysis, the obtained information is first submitted to a few 'sensitizing concepts' as mentioned by Verschuren en Doorewaard (2015). This process, which is also called 'open coding' by Strauss and Corbin (1990) is intended to define a few central concepts. The

next step is to compare and signify the different factors. This process, which is also called axial coding, is meant to make links between the found phenomena. It describes the initial motivation of people and their behaviour and the consequences that are taking place within a specific context (Strauss & Corbin, 1990). By doing so, a critical reflection from a practical point of view can be given on network theory and theory on regional strategic networks.

First, in the open coding process, explorative questions to organize the thoughts and ideas of the researcher are for instance: What is the project about? What is the role of the interviewee? What is the initial or planned (successful) idea of a project? What would make it better? Are there specific aspects mentioned? Quotes on common topics can be given the same codes. This resulted in a number of codes of which the overview can be found in appendix 2.

Second, the axial coding process is done. The codes of the open-coding phase have been reviewed and the researcher has made categories of codes that are linked to each other. These categories are meant to give a better understanding but also summarize the meanings of the data as is explained by Auerbach & Silverstein, 2003 and Boyatzis, 1998. This categorical method is meant to bring forward the most important essences of the study and the most important categories have been selected as most important factors.

Codes that are less relevant are deleted and similar codes are merged. This resulted in a reduction of 14 codes into 3 factors. The overview can be found in appendix 2. The remaining factors are compared by the researcher and screened on: what are key phenomena? What are causal conditions? Which common problems occur? What factors involve solutions? What are the consequences? Which factors are interrelating with each other? By answering these questions, the analysis has been done. The obtained information is prioritized and divided into the most relevant factors. The factors are related to the research questions in order to resolve them.

The most important findings, noteworthy information and quotations will be described and put forward. The interviews were conducted both in Dutch and in English. The Dutch quotations that have been used for the analysis are translated into English by the researcher. In the next chapter the findings and interpretations will be presented that relate to the theory.

#### 4. Analysis

The theory on business networking has indicated that the 3 specific, undervalued factors information, communication and contact can be crucial for success. There obviously are many more factors that are important, but for cross border business cooperation, these factors can be even more challenging to overcome. The institute of Euregio has tools to improve business networking in the border regions. To reflect on the impact of these factors, case study has been done on the projects of Euregio. The factors are closely interwoven phenomena because the factor information is indispensable in communications and the factor contact is indispensable in information. Information and contact are also indispensable from one another. When one of the factors is under pressure, the other factors will also experience difficulties. The separate factors are all described in the following paragraphs. For example, when a Dutch-German business meeting is organized, information is given; people can meet each other and discuss their business activities. In that case, all three factors can be seen as a starting point for making new connections and building a new network. To get a clear view on the different factors, the format goes as follows. First, the most important findings of '*information*' will be presented. Second, the most important findings of '*communications*' will be presented and third, the most important findings of '*contact*' will be presented. In the presentation of the factors, the separate 'internal' case of Euregio will precede the 3 'external' cases, which are the projects that are administered by Euregio. After the presentation of each factor in all cases, a short analysis and interpretation in line with the research questions will conclude every paragraph.

##### 4.1 Factor information

###### *Information Euregio*

The Euregio gives information on the various themes and projects for businesses to participate in with the support of Interreg subsidies. It has printed material and at the beginning of the Interreg program period, it organizes kick off meetings in the forum building and then the program starts and people and clusters of businesses contact the Euregio. There are no specific informational activities for businesses (SME) for organizing or participating in Interreg projects. As the interviewee notices: "We haven't done much on recruitment. But nevertheless, institutes (potential lead partners, businesses etc.) contact us and ask us: I have this and this intention, does it fit the program Euregio is offering?" In most cases, the answer is no, but...". And often there are possibilities. Next to this, Euregio organizes a meeting for the members (politicians of participating communities). This way, members get familiar with the opportunities of Euregio and they can put forward the possibilities of the regional strategic network within their own region to businesses and politicians. By doing this, the possibilities for potential contact and interaction and cooperation can be enlarged.

One of the most important tasks of the Internationales Netzerkbüro | Internationaal Netzerkbureau is to inform businesses on working with new business partners across the border. To enable this, a specific (contact)person has been appointed. His job is to be an advisor and matchmaker. He talks to businesses in both Germany as the Netherlands and asks them how they are planning to do business abroad. He wants to know what they want, what they know and what knowledge they are missing. Preferably through direct personal contact, he provides information to support businesses and bring them into contact with new business partners. Next to this direct and specific way to inform businesses, he supports with the organization of network meetings and he provides information by giving presentations. In the interview, a critical remark is being made on the information supply of the INB. The 'branding' of the INB can give the wrong impression (message) as the name suggests that the project has a global outreach. The project has geographical limitations as it only covers the Dutch-German relationship and the conditions that are set by the Euregio Rhein-Waal.

It is being noticed that it is sometimes difficult to inform potential businesses, get attention for the INB and get the message and information across to the intended partners. One of the reasons is that, for example, an invitation (e.g. for a meeting) is made and distributed to various networks (industrial, SME, employers institutes, communities on both sides of the border), but it is not clear if this invitation successfully reaches the target group. It often depends on if the key figures are willing to notify the individual SME's, especially on specific themes even though there are professional marketers involved. Within this project, no specific research has been done at the reasons for businesses why (not) to go to meetings etc. Unfortunately, it therefore remains unclear if businesses prioritize other meetings or have other ways to get information. The intuitional proportion on the response to the invitations seemed to be rather low.

Next to the one-on-one conversations and theme meetings of the INB, there are several other institutes that provide information on doing business across the border. For example, there is the "grenzinfopunkt" (of Euregio) that gives all sorts of information on cross border (business/working) activity. Also, individual communities (e.g. in the Achterhoek-Borken region) have found an own network of communities, businesses and cultural institutes called Grenzhoppers. They also organize meetings and have an own program. Furthermore, there are several business clubs (Strik in Kleve, Winterwijk-Vrede) who organize informational meetings etc. The interviewee makes a critical note about this. These meetings tend to sometimes become one-sided where the service sector is over-represented. For a number of SME's, these meetings are less interesting and are less relevant. Also,

due to the different institutes and clubs that are responsible for the organization, the supply of information to businesses is becoming fragmented and it becomes even more difficult for businesses to choose what to attend and what not to. Working together and through stronger cooperation, more frequently through various themes and platforms can give better results on the access and supply of information to the different business branches.

#### *Information Digipro*

The access to, and supply of information on the Digipro project has similarities to the INB project. As information is not only given through the website and printed materials (this was also the case at the INB), information is also given at meetings and one-on-one conversations. Awareness of possibilities for businesses across the Dutch-German border is the most important starting point. In the Digipro project, the participating businesses are informed (and supported) about the (bureaucratic) procedures and forms that are required when taking part in the project. The lead partner of the Digipro (OostNL) has a big network with many connections and many businesses. They have an important role in the sharing and supply of information to businesses for making useful connections and finding specific subsidies.

#### *Information KissMe*

In the KissMe project, it also has become clear that the access to and supply of information is a very important factor to improve cooperation of SME's across the border. Most often, it appeared that SME's simply lack the information about the support they could get through the Interreg A program by Euregio. In fact, this seems to be the case in other border regions in Europe. Meetings are organized to exchange information and for example in the region of Occitanie (in France, bordering Spain), as the interviewee describes: "... they have an IP-expert working at the public development agency." This agent has a crucial role in the networking process because it has knowledge and is appointed to give information on Intellectual Property for SME's in that border region. The interviewee states the following on this: "SME's usually don't have any knowledge on IP (intellectual property), but especially when they work with innovations and very innovative products and when they want to internationalize, it is very useful for them to know something about patents and intellectual property, so they can come to this public advisor and get advise on how to proceed with their patents or their intellectual property free of charge." This is an important best practice when it comes to the supply of information to businesses that want to take part in projects of Euregio.

For businesses, the interviewee states, "...they have so many different options with the different projects. And of all the different ways on how they can get support. So I think that is a problem. Also



one thing that we considered was having an Interreg ambassador.” “So if you have an SME, a way for them to learn about the program, could be that some SME or entrepreneur who participated in an Interreg project already works as an ambassador and tells his or her SME colleagues within his network about the possibilities they have.” Next to offering information on projects through canals like the website, social media and printed material and meetings, information through personal contact can be even more effective. The objective is to directly inform SME’s on the possibilities of the Interreg A projects. A ‘new’ way to reach SME’s and inform them on possibilities could be social media. The interviewer mentions that “...even with social media, it is very difficult to reach SME’s because they are not the ones that use social media very excessively and also to find all them and provide them with the kind of information they need is very difficult.” Again, the knowledge on how SME’s collect their important information on opportunities for cooperation seems to be poor. It is challenging to find out which contributions could be made to successfully improve this for SME businesses. Regarding the supply of information on successful projects of SME through the Interreg A projects, an important tool has been launched. Successful projects have been collected and submitted into an open access European database (<https://www.interregeurope.eu>). This is a good example on how the access to information about the Interreg program can be improved for future participators (SME/businesses).

Reflecting on the findings of the cases on the factor information, it is clearly confirmed that this factor is very important for potential cooperation of businesses and for improving networks. Despite the efforts that are undertaken by Euregio, there are still many challenges to improve the exchange of information in order to establish and improve cross border business network cooperation. Meetings and events can be effective, but SME’s only have limited capacity to attend them and the benefits should be clear. It seems that providing information directly, specifically and custom fit through an independent person is much more effective. In any case, we see that businesses need to have a proactive strategy if they want to inform themselves on cooperating with businesses across the border. Yet, the opposite might generate effect as well. The experiences are positive on ambassadors that are actively informing businesses on opportunities for cooperation.

#### *4.2. Communications*

In line with factor information, the build up of new business connections depends on the factor communications. The various aspects of the interviewees on this matter will now be presented.

### *Communications Euregio*

It has already been made clear in the theory that networking is more important than geographical proximity. But for a (business) network to evolve and improve cooperation, the same communication codes are essential. In the border regions, communications on cooperation can be one of the problems. In the Dutch-German border region, in for example the medical business, big improvements could be made when communications on medical affairs improved. Communications in general and language more specifically often seems to be a problematic factor. And this is not only the case for the Dutch-German border. The interviewee notices that within different projects of Euregio's, language (communications) is a problem. She states that: "We notice that a lot of institutes decide to communicate in English, because everyone thinks that he or she is good at it. But in practice, we see that due to mistakes in communications, very unfortunate situations arise." "We often suggest everyone to speak his or her own language because you express yourself best this way." If English is the starting point, everyone starts at a language level that is beneath his or her own level of expression."

The experience is, that the level of communications is different from border region to border region. "At the Norwegian-Swedish border, people communicate in similar languages. They always understand each other. But in the French-Spanish regions, even though people are used to speak Catalanian, the barrier can be huge. Possibly, communications are more difficult due to the fact that the Pyrenees are in between." At the Hungarian-Croatian border area they speak very different languages. But they were fortunate that in the project meeting, there was an interpreter present. This wasn't planned, but so if they now have meetings, they always plan with an interpreter. We are continuously thinking about how we can improve communications and what we can do to challenge people to participate in for example language workshops so it is easier to do a project or program of Euregio. One of the ideas we have is that the funding for example is higher. But even when language is not the main issue, communications can be challenging. The interviewee has an example of a German business and a Dutch business where everything went wrong in the communications on a professional level. "The mentalities of the German and Dutch managers were so typically German and Dutch that it simply was impossible for these businesses to cooperate (communicate) and work together in a project of Euregio." Communications is a basic factor when it comes to executing the program of Euregio. It is essential for cross-border cooperation. At Euregio, they often ask themselves: "Is there so called "Volkerverständigung" meaning: do people understand each other? And above all, it is important to put in as much effort as possible to improve mutual understanding.

### *Communications Internationales Netzerkbüro | Internationaal Netzerkbureau, INB*

Communications are an important factor for exchanging the right information and to get connected and build trust. The experiences of the INB project have learned that it is important to also be aware on if the message comes across and if the message is received in a proper manner. Communications are a very important factor and concern for businesses in order to cooperate successfully. Primarily, language is an important aspect and differences between languages can be subtle. As the interviewee states: "From time to time, I have a conversation on a specific theme, in this case a theme from the municipality of Bocholt and they give a marketing business the assignment to make a folder or newsletter. This has to be customized in two languages and for different target groups. You can't just translate a newsletter. The Dutch version has to be shorter and more briefly and the German version has to be more extended with longer sentences."

Also important in communications, are other cultural aspects. Even though the differences in culture are continuously changing, the interviewee notices the following: "...you have to inform yourself on the different matters. A German wants to be fully informed. More concrete, so this means that you have to have a presentation prepared in detail. But Dutch people often have a more free approach. See how things are going and then we will join in or slightly change the plan. A German business wants the whole story at once. We can do this together or this could be profitable for you and we can do this and that under those circumstances. You have to show that you are well prepared."

Next to these important aspects on the ways to communicate, it is also important to create a network of relations through which communications are possible. It is especially important to get in touch and stay in touch with for instance the secretary of a specific industrial network. "From time to time, you have to call them to build a good relationship. And if you then send something, it is more likely that it will be shared amongst other businesses within their network. The mutual trust has to evolve. Direct communications on a frequent base are needed to accomplish this." Clearly, communications are a delicate factor in making new connections and building networks.

### *Communications Digipro*

The interviewee argues that experiences on communications at the Digipro project so far are positive. Obviously, cultures are different, but the interviewee doesn't share the image that communications would be a factor that constraints potential business networking. The project is aimed at (digital) innovations and the people that apply for this project are often younger generations with a progressive mind-set and professional level of language (English). The people of the businesses that participate are more pragmatic than the traditional SME's. Obviously there are

cultural and language differences that influence good communications, but it is being argued that the differences within every country can be just as big as between the Netherlands and Germany.

Communications *KissMe* (Knowledge and Innovation Strategies involving Small and Medium-Sized Enterprises)

The experiences in the KissMe project regarding communications are also positive. As noticed by the interviewee, “I have to say, with the language we don’t have that many problems because the partners that we are working with in the Kiss Me project are pretty good in English, so we don’t have problems communicating. Sometimes, it is difficult to find a date for the meetings. That is a very simple thing, but that is actually one of the problems, because the holidays are different.” So within the KissMe project, communications haven’t given any difficulties, only some cultural differences can be of influence on the communications. But this aspect is of no concern within this project.

Reflecting on the findings on the factor communication, the experiences seem to be ambiguous. In some cases (Digipro, KissMe), it often is not constraining for cooperation. But, in other cases and especially where the language and cultural differences are bigger, communications and cooperation in a new business network is more difficult. However, there are several tools that can also lower this barrier. In any case, an interpreter can be used to improve the communications but the line of thinking of the Euregio to proactively offer language and cultural courses could be agreed upon.

#### 4.3 Contact

To enable business network cooperation, it has already been made clear that exchanging information and mutual communication codes are essential. And to achieve this, the third most important factor is that there is interaction or contact.

##### *Contact Euregio*

In the program management of Euregio on the different projects, the ‘moments of contact’ have gradually been changing. Today, the emphasis is on the start and realization of projects and the support for businesses and clusters of businesses rather than on the execution as it was the case in the first (Interreg) programs. Also important to know is that Euregio now uses a variety of tools (e.g. promotional campaigns, ambassadors, the organization of meetings etc.) to make connections across the border. As is being noticed, for example for healthcare, there is a project to set up contacts between specialists on both sides of the border in order to improve cooperation. The interviewee finds it remarkable that: “I live in Kleve and when I go to the doctor, he will always send me to a German hospital. Always, even though the Radboud hospital is much closer than the hospital of

Düsseldorf.” And this is actually quite typical as both people and businesses often are relying on their old contacts and networks. But what is also striking, is that within the networks and clusters of businesses, relationships and contacts are sometimes poor. Especially when the profit (businesses) and non-profit (local governments, Wirtschaftsförderungen) are involved and forced to cooperate. But the experiences of establishing new contacts in general are positive, even though it not always leads to instant results. There is a case where the entrepreneur for example became an employer. The experience in general is that after the first contacts, businesses stay connected, especially when they have mutual benefits. Yet, it should be noticed that the biggest difficulty is to arrange the initial moments of personal contact. And even though digital formats can support in making new connections, it should be questioned if this is the best solution for making contact. For meetings and personal contact, the Euregio Rhein-Waal has a forum building where many events are being organized. People can meet each other there and meetings are being planned there. The Euregio tries to facilitate in and establish as many connections as possible, no matter if it concerns individuals, politicians or business networks.

#### *Contact Internationales Netzerkbüro | Internationaal Netzerkbureau, INB*

At the INB project, they have experienced that often, businesses simply haven't been able to get in touch with the target group or intermediate businesses in the other country. The INB has been set up to establish these contacts no matter if it concerns public or non-public organizations. When the right network partners are absent, the INB can help to make the appropriate new contacts. The project coordinator matches businesses on a specific way to get the best connections. He invites businesses to get in touch and asks them: “...where are you now? What do you want? How can we help?” Sometimes these matchmaking appointments have no follow-up and the concerned businesses decide that the INB is not for their use.

But as he states: “An inventor also needs an accountant, but in such a case, I think you need a business that is more informal. It is of no use to bring him into contact with a large accountant company like Ernst & Young. In that case, I know a smaller business that is more appropriate for that matter.” Next to the matchmaking role, the INB has been set up to plan meetings with several potential business partners. They make an appointment where the matchmaker is present. Appointments are made both with businesses, but when needed also with people from the municipalities of Bocholt and Oude IJsselstreek. In any case, the matchmaker can participate for support when they are in contact. And when there is a meeting where Dutch and German businesses get in contact, the INB is present for mediations etc. Some critical notes on these contact meetings are made. It is noticed that: “in the organization of meetings, positive steps have been taken by the

communities involved. It is much better than 2, 3, 4 years ago. However, making a common calendar or planning with a shared choice on the themes can improve this. Make it a 2-year plan.”

In the INB project of Euregio, the experience is that it would be good to arrange face-to-face ‘moments of contact’ more frequently and repeatedly and from a more deliberate plan. This could help in the build-up of new business networks. Also, as there are different businesses and institutes arranging network meetings etc. it would be better if this would be less fragmented. An example is given: “Arrange meetings repeatedly and not just once. It would be better to first arrange an introduction meeting on a specific theme and then arrange a meeting again after six months on this same theme, but then more into detail with the same people. This will generate more effect.” “With repeatedly and more frequent contact and the effort of trying to reduce fragmentation and better cooperation, you get a better ‘reach’. Furthermore, the credibility improves and you will be taken more seriously. If you facilitate this in a better way, you can really add value for SME’s to get in touch and get connected.”

#### *Contact Digipro*

As already mentioned, OostNL is the lead partner of the Digipro project. The main goal of OostNL is to help and develop businesses of all sorts and therefore, it is pro-actively in touch with partners, representatives, businesses and other stakeholders. In this position, OostNL is often the first to pick up on trends and demands in the business markets in the provinces of Gelderland and Overijssel. For business development, they have a history with projects of Euregio and they often use the Interreg program as an instrument to connect businesses from Germany and the Netherlands. Business contacts are arranged through meetings and events, but also and preferably by one-to-one contacts. The interviewee is making a remark on this: “I have never had the illusion that, despite the efforts, businesses get in touch and immediately can become partners. It is possible of course, but it takes time and attention. But the first contacts on events are valuable. I think it is important, but there is more to it to get a successful cooperation...” The idea of a perfect situation and ideal world for making new connections is being put in perspective. He emphasizes that there are thousands of businesses active in a number of networks that organize all sorts of activities. It is impossible to contact every one of them because SME have a ‘limited span of control’. As the size of the business network is larger, the setup of the activity will become more general. In that case, the weaker the contacts will be.

### *Contact KissMe*

In the KissMe project of Euregio, both the contacts with the other partners as the contacts between the businesses in cross-border regions throughout Europe are discussed. Every half-year, the partners in the project have interregional meetings where they meet each other in one of the partner regions to experience/and see how the Interreg program VA is being put into practice. Also, they meet in Brussels for lobbying and the promotion and presentation of the results that have been gathered. More specific, the best practices are presented of new successful initiatives for the development of cross border business network developments. For example, in one of the regions there is an IP-expert (e.g. Intellectual Property) who is working at the public development agency in order to connect businesses. And, this is most important according to the interviewee: "...as I said before, it is not only this, I mean, in order to bring people together, to bring SME's together, they all have to consider the soft facts. Again, it is all about people. Even SME's are run by people. Even ministries are run by people. Provinces are run by people." and as she notices wholeheartedly, "One of the primary goals of the Interreg program is to bring people together and deconstruct the barrier that the border represents." Successful network connections between people from the public sectors have in fact already been realized. And for the further development of this network, the Euregio is also working in the association of European border regions. And even though it is not a goal on its own to develop a Dutch-German business network, the Euregio has an important role in the potential establishment of new contacts.

### *Summary information, communications and contact*

The factors information, communications and contact are basic conditions for the development of businesses and establishing relations and a business network. For building a business network across the border, these factors are even more important. The willingness and ability to share information can be delicate on itself. The process to enable SME's to participate in Interreg projects is being evaluated and possible solutions and improvements are already being developed. In line with the theory and in order to improve business network cooperation, for exchanging information and establishing contacts, good communications are a precondition. To offer language and cultural workshops for example could be one of the solutions to improve this.

Despite the efforts that Euregio takes to give information on the Interreg-program, it turns out that it is challenging to get the right information to potential SME project partners. There are at least 3 fundamental reasons for this. The first reason is that Euregio is a governmental institute. They have a limited information policy (and budget) to inform businesses on their existence and the opportunities of the Interreg program. The institute isn't very 'known' to many people and businesses. And as the

proverb goes, “unknown is often unloved”. The second reason is that the language and cultural differences can influence good communications that could both constrain or enable business cooperation. The third reason is that the process to establish contacts through Euregio is threatened by the fragmentation and number of similar initiatives, projects, events etc. An SME/business often has only limited time and not enough capacity to attend the meetings of Euregio. The number of events in which one can participate is often abundant. A meeting or project should fit in a business strategy to become interesting to join. All in all, the Euregio can make small adjustments (e.g. courses, information supply, ambassadors) in their administration to make a further contribution to business networking cooperation in the border region.

## 5. Conclusions

The final chapter of this thesis contains the conclusions of the research. The theoretical and empirical data will be used to answer the research questions. The goal of this research was to explore which (undervalued) factors are important in the project administrations of Euregio to support and stimulate SME business network cooperation in the border region. In order to reach this goal, the main question that has been formulated was:

***In which ways is the regional strategic network of Euregio able to make a contribution on the development of the Dutch-German border region by enabling (or not) business networks to benefit from SME-related projects.***

To find an answer to the main question, the following sub-questions have been resolved:

- 1. Which factors are important within business networking and cooperation?*
- 2. Which contribution does the establishment of a Regional Strategic Network make for developing businesses and their networks?*
- 3. Which factors are important for the development of business networks in the Dutch-German border region?*

The conclusion is in line with the conceptual model by using the main theories as fundamental framework. Together with the additional findings that relate with the main factors in the analysis, the conclusion of the research is presented in section 5.1. In the paragraphs 5.1.1, 5.1.2 and 5.1.3, conclusions and answers will be formulated to the research questions. Together, an answer will be given to the main research question in paragraph 5.1.4. In section 5.2, recommendations for follow-up research will be given and the critical reflection on this research will be presented in section 5.3.



## **5.1 Conclusion**

### **5.1.1 Business networking**

The first sub-question that will be answered is:

*Which factors are important within business networking and cooperation?*

In the theoretical study, it has been discussed that a business needs specific characteristics in order to be competitive. The continuous drive to gather knowledge and (exchange) information on markets is highly important. Also, next to the information on competitors, a business is in need of continuous cooperation with other businesses to develop innovations to reach a position in the lead or achieve cost-reductions. A good network with useful connections and interaction (contact) is fundamental for a vital business. The process of interaction and getting the right information demands businesses to have good communications and a broad and open view. Business networking has become ever more important as a result of more transparent (European) markets and the developments in the information technology. With this in mind, it can be noticed that in the border regions, the opposite situation often is the case. Many businesses have little connections in networks across the border. The empirical study has shown that the same factors that can enable business networking and cooperation can be more constraining in the border regions. Even though practical boundaries are gradually being reduced, improvements on the (informal) boundaries (factors information, communication and contact) can contribute to increased business network cooperation.

### **5.1.2 European policy and the establishment of the Euregio as an RSN**

The second sub-question that will be answered is:

*Which contribution does the establishment of a Regional Strategic Network make for developing businesses and their networks?*

The theoretical study on Regional Strategic Networks has indicated that there are many similarities with the institute of Euregio. They both are an initiator consisting of member organizations. They are a 'hub', which means that they have a central position within a network, and they both have administrative tasks. Furthermore, the goals are to encourage and coordinate interaction and cooperation by exchanging information and experiences. Also, the RSN/Euregio is independent and has no financial interest and last, the RSN/Euregio is restricted to act within certain geographical boundaries. It is apparent that on the one hand, there are some constraints for developing businesses and their networks (e.g. geographical boundaries), but on the other, an RSN/Euregio offers many advantages (e.g. better interaction, cooperation, exchanging information etc.). Its position towards the existing business networks in the border regions will become evermore important. The empirical data pointed out that improvements can be made, especially on the (underlying) informal factors as will be described next.

### **5.1.3 Important factors for cross border business networking**

The third sub-question that will be answered is:

*Which factors are important for the development of business networks in the Dutch-German border region?*

The theoretical study has taught us that most business strategies are aimed at exploring new markets and new partners. They navigate within their network in order to be(come) more competitive. Border regions can offer new opportunities because new markets and new partners are within a relatively close distance. This proximity however isn't an asset by itself. It is argued that businesses can improve their activities by making use of other business networks across the border. An important factor to stay updated on the markets etc. is to share, gather and exchange information. And next to this, contacts with the right partners can result in market advantages. All in all, good communications are needed for the development of business networks in general and cross border business networks more specific. It is not surprising that 'exchanging information' is one of the key features of an RSN/Euregio, but the empirical research has pointed out that some steps could be taken to contribute further development of business networks in the Dutch-German border region.

### **5.1.4 Contributions of Euregio on business networks in the Dutch-German border region**

With the answers of the sub-questions, the main research question can be answered:

*In which ways is the regional strategic network of Euregio able to make a contribution on the development of the Dutch-German border region by enabling (or not) business networks to benefit from SME-related projects.*

The RSN/Euregio has an independent position within the border region. A set of tools and instruments (e.g. subsidies from the Interreg program) can be used to improve interaction of people and SME businesses in the border regions. It should be noticed however, both from the theoretical study as from the empirical study, that there are more factors essential when it comes to enabling or constraining business networking. It has already been mentioned that the factors information, contact and communication are delicate elements with which differences can be made.

## **5.2 Recommendations**

In this chapter, some suggestions are given for extra research. This bachelor thesis is not a full study with which new theory is built. It has described existing theory on business networks and the concept of Regional Strategic Networks and has explored and related the specific elements that can be important within a specific process. Follow-up research might cover a more thorough research to the

specific details of the factors that enable or constrain the cross border business networking process. By focussing on the needs of the businesses themselves, a broader research might prove to be more effective because it could give a more direct and closer understanding on more cases of the process and the influence and contributions that can be made. This 'bottom-up' approach might also give more generalizable and valuable input for policy makers, as they will be able to get awareness on where the focus and accents should be for contributing to cross border business network cooperation. Other options for follow-up research could be to research all of the different Euregio's and evaluate what are the best practices. The Kiss Me project has partly covered this already, but it is important to notice that this project is an initiative of Euregio itself. In any case, the Euregio aims to continuously reflect on its role and the improvements that could be made in the administration and execution of the Interreg program. Already mentioned are the language workshops and the use of (more) ambassadors or agents to improve information exchange and cooperation. As all cases valued personal contact, this seems like a good idea.

### **5.3 Critical reflection**

In this last chapter, the process of writing this thesis is being critically evaluated. Several comments are being made on the theoretical, methodological and personal choices. First of all, the theoretical choice to use the concept on Regional Strategic Networks and business network development could be subject of discussion. By using this theory, the perspective is small and top down. The research could have also been put in a broader perspective. From a different angle, the relationship between business (network) initiatives and the economic benefits from other local or regional governmental policies for example could have been taken as a starting point.

Second, the methodological choice to have semi-structured interviews has given unique and valuable results. It reveals (soft) factors that can have a great impact on the degree of success. However, it should be noticed that it can be challenging to compare and recognize similar data and some parts of the obtained information are less relevant. Also, it should be noticed that it can be hard to repeat this research because projects and cases could have be out-dated and the current Interreg program is ending in 2020. This might affect the reliability of this thesis. Regarding having the interviews and gathering the data, a persistent attitude was needed. Even with the best amount of persuasiveness, coping with disappointments is 'part of the job'. Despite the clear commitments that have been made by a few people (cases), meetings were cancelled at the last minute or no reactions were received evermore. The small number of interviews might have influenced the validity of the research.

Last, I am convinced that my personal choice for a 'free subject' has kept me motivated to finish this research up until the end. But as I have also noticed, by choosing a free subject, it has been more challenging to define and determine the exact direction of the subject of research. Also, by choosing this 'international subject', I have forced myself to write this thesis in English. And although this still is a good and logical choice, I have also noticed that it has put me to the test as English is not my primary language. It was more challenging to bring forward specific matters and express myself to a satisfying level on the subject of research. A final remark I would like to make is that it can be challenging to keep the flow of the research going being a part-time student. But despite the lack of time, I was able to keep the process going and to stay 'in touch' with the subject. My supervisor supported me in this periodically and sensed when it was the right time to have a (new) meeting. In case the extra effort could have been made, this research could have been more complete.

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## **Appendices**

### **Appendix 1 Interview guide**

This appendix contains the interview guide that has been used to structure the interviews. The interviews are conducted both in English as in Dutch and they will follow as such.

#### **Interviewguide (English)**

Interviewee: projectmanager (name projectmanager) of specific Intterreg project (name project of Euregio)

The focus of this thesis is on business networks and the dynamics in the border regions where SME-businesses are able to benefit from Interreg projects by the Euregio. In this context de following questions are relevant: In what ways are businesses in the border regions in Europe able to adapt to (international, economical and innovational) network changes? In what way can businesses benefit from networkchanges with the support of Intterreg projects that are administered by Euregio?

The interview is built up in 5 sections:

1. Basic information
2. Network(partners)
3. (New) connections
4. Problems and challenges
5. Goals and results

#### **Questions**

##### *1. Basic information*

- Can you tell me more about the KISS ME project and your position within the organization?
- Why did the Euregio Rhein-Waal join the KISS ME project?

##### *2. Network(partners)*

- What is the specific role and task of Euregio within the KISS ME project?
- How would you evaluate the network(activities) of the participators so far?
- Has Euregio earlier been collaborating with other such initiatives or institutions?

##### *3. (New) connections*

- How and how frequently are the participators being connected?
- Do you think the project has resulted in new longlasting international partnerships?
- Which type of SME businesses do you think are able to benefit most of cross border projects?

- Which connections have been successful?

#### *4. Problems and challenges*

The project duration is 2017-2021.

- How are progressions monitored?
- What feedback would you give with the experiences so far?
- What problems and challenges do you experience in the collaboration with other projectpartners?
- Do you experience more difficulties or challenges with certain projectpartners?
- What challenge or difficulty negatively affects the collaboration most?

#### *5. Goals and results*

- Is the project meeting the goals of researching the best practices to exchange knowledge with other regions?
- What is your opinion on the original set-up (goal) of the KISS ME project of Euregio?
- How would you indicate the development of this international network in general?
- Do you think all participators are able to benefit from it?
- Are you satisfied (so far) on the participation of Euregio within this project?
- To what extent do you personally consider the collaboration successful and effective?

Final question

- Do you have any suggestions for Euregio regarding the development of new network projects?

Thank you for the interview!

## **Interviewgide (Dutch)**

Geïnterviewde: programmamanager (naam programmamanager) van diverse Interreg projecten (naam projecten)

### **Introduction**

Mijn naam is Sanne Evers, student aan de Radboud Universiteit. Op dit moment bezig met de bachelorthesis met een specifieke interesse in grensregio's en de ontwikkeling in deze regio's in de afgelopen 30 tot 40 jaar.

De focus van deze scriptie ligt op bedrijfsnetwerken en economische dynamiek in grensregio's waarbij de aandacht ligt op Interreg projecten van Euregio ter ondersteuning van het Midden- en Kleinbedrijf. In deze context zijn de volgende vragen relevant: Hoe gaan Europese bedrijven om met (internationale, economische en innovatieve) veranderingen in netwerken? Op welke manier kunnen bedrijven gebruik maken van netwerkveranderingen door gebruik te maken van Interreg projecten die via de Euregio worden aangeboden?

Het interview bestaat uit 5 secties:

1. Algemene informatie
2. Netwerk(partners)
3. (Nieuwe) contacten
4. Problemen en kansen
5. Evaluatie

### **Vragen**

#### *1. Algemene informatie*

- Kunt u meer vertellen over de opzet van de Interreg VA projecten in het algemeen en uw positie binnen de organisatie?
- Hoe initieert Euregio nieuwe projecten en hoe veel en hoe vaak worden nieuwe projecten georganiseerd voor het Midden- en Kleinbedrijf?

#### *2. Netwerk(partners)*

- Wat is de specifieke rol en taak van de Euregio tijdens de Interreg VA projecten?
- Wat zijn uw bevindingen met betrekking tot de netwerkactiviteiten van deelnemers aan de projecten tot zover?

### *3. (Nieuw) contacten*

- Hoe en hoe vaak worden deelnemers bij elkaar gebracht in de projecten?
- Bent u van mening dat de projecten hebben geresulteerd in nieuwe langdurige internationale samenwerkingsverbanden?
- Welk type MKB bedrijf kan het meest profiteren van grensoverschrijdende projecten (contacten) in de Rijn-Waal regio?
- Kunt u voorbeelden geven van succesvolle nieuwe samenwerkingsverbanden?

### *4. Problemen en kansen*

De projecten hebben een bepaalde tijdsduur.

- Hoe wordt de voortgang gemonitord?
- Welke aanbevelingen zou u doen met de ervaringen tot nu toe?
- Welke problemen en kansen ziet u in de samenwerkingsverbanden van de projectpartners?
- Heeft u de indruk dat de samenwerking met sommige projectpartners lastiger verloopt dan met andere? Waar zou dat voornamelijk door komen?
- Welke uitdaging of moeilijkheid bedreigt de nieuwe samenwerkingsverbanden het meest?

### *5. Evaluatie*

- Hebben de verschillende projecten voldaan aan de vooropgestelde verwachtingen?
- Hoe kijkt u aan tegen de doelstellingen van de verschillende projecten van Euregio (in termen van haalbaarheid)?
- Hoe kijkt u aan tegen de ontwikkeling van de internationale (grensoverschrijdende) bedrijsnetwerken (MKB).
- Heeft u de indruk dat alle deelnemers in staat zijn om een gelijkwaardig resultaat te boeken via de projecten? Op welk type branche zijn de projecten vooral gericht?
- Hoe kijkt u aan tegen de rol van de Euregio tot nu toe binnen de projecten?
- Op welke manier hebben de projecten bijgedragen aan het opzetten van nieuwe succesvolle en effectieve samenwerkingsverbanden?

### *Laatste vraag*

- Welke suggesties of verbetertips zou u hebben als het gaat om de ontwikkeling van nieuwe projecten die gericht zijn op netwerkverbetering binnen het MKB?

Hartelijk dank voor het interview!

## Appendix 2 Codes

Codes		
◇	Budgets & Finance	29
◇	Communication	64
◇	Contact	127
◇	Culture	31
◇	Information	43
◇	Innovation	14
◇	Networking	169
◇	Organisation	66
◇	Personal	20
◇	Procedure	50
◇	Project	61
◇	Regional Network	45
◇	Standards	12
◇	Type of industry	22



	<b>Interview Cieraad</b>	<b>Interview Hoch</b>	<b>Interview Boomsma</b>	<b>Interview Altena</b>	<b>Words</b>	<b>%</b>
<b>Budgets &amp; Finance</b>	226	296	372	771	1665	6%
<b>Communication</b>	988	1048	1702	1003	4741	17%
<b>Contact</b>	2989	1283	2492	1704	8468	31%
<b>Culture</b>	325	464	1086	427	2302	8%
<b>Information</b>	1941	482	215	249	2887	11%
<b>Innovation</b>	0	169	561	473	1203	4%
<b>Networking</b>	3827	1666	2617	2745	10855	40%
<b>Organisation</b>	1424	953	586	1466	4429	16%
<b>Personal</b>	420	153	72	249	894	3%
<b>Procedure</b>	649	808	702	1854	4013	15%
<b>Project</b>	763	1139	744	1615	4261	16%
<b>Regional Network</b>	1495	138	527	1281	3441	13%
<b>Standards</b>	453	0	150	0	603	2%
<b>Type of industry</b>	168	232	508	308	1216	4%
<b>Total</b>						100%