Scandinavian Journal of Public Administration
Vol. 29 No. 2 (2025)
p. 41 - 59

DOI:
https://doi.org/10.58235/sjpa.33850

Understanding Place-Based Policy Barriers: Local Government Perspectives on External Rankings in Sweden's Disadvantaged Areas

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Abstract

"Place-based policy" is a widely recognized concept prioritising local contexts in creating sustainable policies. However, research on its adoption in geographically disadvantaged areas suggest that such areas fail to effectively design and implement place-based policies for development. This paper originates from a general interest in the challenges associated with the design and implementation of place-based policies in geographically disadvantaged areas. Building on previous research that identifies 'external pressure' as a hindrance to the development of place-based policy, this paper investigates a specific case of such pressure: municipal rankings. Central to our discussion is the ranking published by the Confederation of Swedish Enterprise (COSE). According to qualitative data generated through participatory observation and surveys with 43 local government representatives in 39 geographically disadvantaged Swedish municipalities, rankings published by the Confederation of Swedish Enterprise (COSE) are perceived to influence the formulation of local policy and planning. Our conclusion is that external pressures from standardized rankings impede the development of genuinely place-based policies, plans, and strategies. By illuminating the tension between external metrics and local needs, we contribute original and vital knowledge to regional development, public policy, and sustainable planning, paving the way for more nuanced approaches to policy development in disadvantaged areas.

Keywords:
rankings;
local government;
place based policy;
local development;
rural areas

Practical Relevance

- Rankings made by organizations representing special interests may derail local decision-makers from developing genuinely place-based policies.
- If local decision-makers focus on doing well in rankings rather than dealing with real-world issues this may lead to “goal displacement” – a phenomenon known to be detrimental to the organizations core assignments.
- Local decision-makers must remain critical and be aware of who, and what interests, are responsible for the external rankings.

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Article first published as an article in press: May 20, 2025
Article published in Vol. 29 No. 2: June 23, 2025

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e-ISSN: 2001-7413

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Introduction

The idea that decision-makers should consider place-specific conditions when planning has become firmly established (Barca, 2019; McCann, 2021; Tomaney, 2010). It is argued that for local policy and planning to be successful, specific local conditions must be considered. Such a place-based approach is also an integral component of decentralisation theories. Such theories assume that local decision-makers have superior knowledge about the needs and challenges of their localities and communities compared to decision-makers further away. It is believed that an intimate understanding of the local context is a key resource for policymaking and leads to policies that have the potential to address specific local challenges more effectively.

Previous research suggests that despite the strong and growing interest in place-based policy and planning, local actors in disadvantaged and resource-poor areas fail to develop such plans and strategies. Previous studies suggest that 'external pressure' poses a barrier to the development of place-based strategies in areas facing population decline, lack of human and financial resources, and remoteness from important markets (Syssner 2020). In this paper, we explore one specific external condition that could hamper the development of place-based policy and planning in such areas, namely municipal rankings operated by large external lobbying organisations. The ranking examined in this paper is carried out by the Swedish lobby and employer organisation Confederation of Swedish Enterprise (Sw. Svenskt Näringsliv, COSE). The results of the COSE ranking are published every autumn. It purports to measure the business climate in each municipality and is accompanied by COSE's generic – not place based – policy recommendations on how to improve the local business climate.

Our overarching aim is to stimulate a critical and constructive discussion about the possibilities for local actors in geographically disadvantaged areas to develop and implement policies, plans and strategies tailored to their specific needs and local conditions. More specifically, we examine how local government representatives perceive the influence of the COSE ranking on local policy and planning.

Place-based policies in geographically disadvantaged areas

The literature has increasingly noted that policies, plans, and strategies for areas characterised by low population density, remoteness, and population decline pay surprisingly little attention to their place-specific conditions. Several scholars have emphasised that in areas where depopulation is a fundamental planning condition, this condition is largely ignored by planners and policymakers (Bontje, 2004; Martinez-Fernandez et al., 2012; Schatz, 2017; Sousa & Pinho, 2015; Wiechmann & Pallagst, 2012). Despite decades of continuous depopulation, decision-makers in such areas continue developing policies focusing on growth. As Schatz (2017, p. 43) notes, many planners and policymakers continue to pursue growth-oriented policies even though they, in the foreseeable future, will face – and are forced to manage – long-term decline.

Among the reasons cited as important for why local governments in geographically disadvantaged, depopulating areas do not develop place-based policies for adaptation and development, we find both the potential benefits of growth, the growth norm, and unrealistic growth expectations. Other reasons cited are the path-dependency of growth policies, lack of professional support and negative symbolic notions associated with demographic decline (Martinez-Fernandez et al., 2012; Schatz, 2017; Sousa & Pinho, 2015; Syssner, 2020). As suggested by Lang (2012) and Wiechmann and Pallagst (2012), there are reasons to believe that the stigma of being associated with decline impedes the development of long-term planning strategies that consider continuous decline. In this paper, we strive to develop a deeper understanding of this phenomenon by delving deeper into the impediments for local actors in geographically disadvantaged areas in fostering genuinely place-based development strategies.

Place-based policies and external pressure

In recent publications (Syssner, 2020), it has been suggested that external pressure is one crucial condition that explains why local governments in depopulating areas may avoid, or defer from, developing strategies for how the community should adapt and develop under conditions of continued depopulation. Examples of external pressures include the shift in regional policy discourse from redistribution through interventions by the state as a core value to competition,

growth, and competitiveness in the early 1990s. This shift has been cited as one reason why representatives of local and regional governments have nothing to gain from pointing out the challenges they face but, are expected to present their location as attractive to obtain funding for regional development (Syssner, 2006).

Another less recognised example of external pressure comes from lobbyists or interest groups representing particular and narrow interests. A specific instrument for their work can be that they initiate and present various ranking tools, with which they rate municipalities and measure how well they fulfil some policy – i.e., typically the key interests of the rating organisation. In Sweden, an abundance of rankings and lists are published every year – by magazines, lobby organisations, NGOs, etcetera – in which municipalities are ranked and rated based on, for instance, the housing market, growth rate, business climate, school quality, entrepreneurship, investments, and so forth (Syssner, 2020).

The literature on how rankings influence policy development examines the intricacy and constraints of rankings. Many contributions call for critical reflection, not least on their methodology. Giffinger et al., (2010) sought to improve the utility of rankings as tools to promote economic, social and spatial development. Acuto et al. (2021) also argue for a nuanced understanding of city rankings as a driver of global urban governance. The authors advocate for greater scholarly engagement in ranking- and benchmarking practices to ensure their relevance and effectiveness in addressing urban challenges. Similarly, Zhao et al. (2023) evaluate nine ranking systems and identify ways to improve ranking methods' transparency, comprehensiveness, and impartiality.

Melo (2019), however, argues that despite the tendency for rankings to minimise opportunities for citizen participation, these tools still play a role in policymaking. Similarly, Aleksandrov et al. (2022) point out that existing rankings cannot consider diverse viewpoints, which hinders meaningful stakeholder participation and democratic governance. The methodological vagueness of city rankings is the focus of Sáez et al. (2020), which points to gaps in data transparency and analytical rigour. Like other critics, the author questions the credibility of these rankings as instruments for guiding effective urban strategies. Despite the methodological and democratic shortcomings of many rankings, there are strong indications that they nevertheless impact policy-making at the local level of government (Erlingsson & Sundell, 2013; Hollander, 2018; Vlachos, 2013).

Against this backdrop, we explore how local government representatives themselves perceive the influence of external rankings on local policy and planning. In the paper, we utilize qualitative data derived from a larger project targeting 39 municipalities identified as having 'geographical disadvantages' (see below). The data referred to in the paper was generated through participatory observation, a real-time survey and a joint discussion of the survey with local government representatives. Based on this data, we can confirm that the participant's experience with the ranking of COSE, do have a noticeable impact on policy and planning in their municipalities.

Based on these results, we maintain that rankings constitute a potential impediment for local actors in geographically disadvantaged areas to foster genuinely place-based development strategies. We conclude by arguing that this influence should be problematised in research and by local, regional, and state government bodies. The paper is structured as follows. In the next section, we briefly introduce the literature on place-based policy, which forms a basis for our analysis. We then introduce the basics of local government in Sweden and present “Support Area A”, which is the geographical framework of the study. In the same section, we provide a concise description of the COSE ranking and its structure. The following section describes our methodological approach, and the data employed. We then present, analyse, and interpret our results. Finally, we summarise our main findings and arguments and discuss their implications for policy and future research.

Research Context

Place-based perspectives

The idea that decision-makers should consider place-specific conditions when planning for the future is firmly established (Barca, 2019; McCann, 2021; Tomaney, 2010). A key component of a place-based approach is the idea that places differ in terms of both their resources and their potential. Some have referred to the local context in general (McCann, 2021), to social, cultural and institutional aspects (Barca et al., 2012, p. 139), to the diversity of activities and enterprises (Navaretti & Markovic, 2021, p. 7) or to "social relations, cultural meanings, informal practises and norms" (Randolph & Currid-Halkett, 2022, p. 248). For local development policy to succeed, it is argued that these aspects must be considered in policy design. The notion of a place-based approach is also an integral aspect of decentralisation theories. Local decision-makers are believed to be more attuned to their places and communities' unique needs, preferences, and challenges. The point of decentralisation and local self-government, then, is that local decision-makers' intimate understanding of the local context allows them to tailor policies that address specific local challenges more effectively.

The literature on place-based policy has often argued that the recognition of place-specific aspects must be accompanied by holistic approaches to local development, rather than isolated, sectoral approaches. The participation and integration of citizens as well as institutional actors at all levels of governance is therefore often promoted as important (Atterton & Glass, 2021; Bachtler, 2010; Barca et al., 2012; McCann, 2021; Nowakowska et al., 2021). The ability to build partnerships vertically (at multiple levels) and horizontally (across sectors) (Nowakowska et al., 2021, p. 2) is seen as important. Stakeholders, it is argued, need to be able to identify and harness the local potential and mitigate weaknesses and constraints (Nowakowska et al., 2021, p. 2; Rodríguez-Pose & Wilkie, 2017, p. 153). In this context, both locally embedded and external knowledge in various forms has been considered important in shaping successful local development policies (Barca, 2019; Barca et al., 2012; Nowakowska et al., 2021).

Another integral and important component of a place-based perspective is the view that interventions aimed at levelling or equalising geographical inequalities between affluent and less affluent areas are legitimate (Barca et al., 2012; Bentley & Pugalis, 2014, p. 290; Olfert et al., 2014, p. 6; Rodríguez-Pose & Wilkie, 2017; Tomaney, 2010). In this sense, the idea of place-based policies challenges a people-centred policy perspective which tends to suggest that development policies should be "spatially neutral" and thus designed without a specific space or place in mind. Accordingly, the dividing line between a people-centred approach on the one hand and a place-based approach on the other is a different understanding of an appropriate policy object - individuals, sectors or territories (Bentley & Pugalis, 2014, p. 285).

According to a place-based policy approach, policy interventions aiming only to improve the skills, abilities and knowledge of individuals are anything but spatially neutral. For instance, highly productive, skills-oriented firms tend to be located in large metropolitan areas (Sudekum, 2021, p. 8), which encourages the mobility of people towards urban centres, depleting resources in peripheral areas (Barca et al., 2012, p. 140). Accordingly, state-led redistributive policies or targeted interventions aimed at correcting inefficiencies or addressing patterns of uneven spatial development are considered perfectly valid from a place-based perspective (Barca et al., 2012; Bentley & Pugalis, 2014, p. 290; Olfert et al., 2014, p. 6).

Given the rise of place-based perspectives and the many place-specific challenges that geographically disadvantaged areas face, it is crucial to understand the impediments preventing local governments in these areas from developing genuinely place-based development strategies rather than sticking to previous and generic ideas of growth and competitiveness.

Sweden: Local government and constitutional design

Local governments in Sweden enjoy a fairly strong constitutional status, a relatively high degree of political autonomy, and financial independence (Lidstrom & Madell, 2018). The relative autonomy of municipalities and their right to levy taxes is enshrined in the Swedish constitution, giving local governments in Sweden a relatively strong local financial power. They enjoy budget autonomy and can organise their activities relatively independently in many respects – although

central state laws, such as the Education Act, the Planning and Building Act and the Social Welfare Act frame many municipal responsibilities.

Over time, Sweden has come to decentralize a broad range of essential welfare state responsibilities to its municipalities. Regardless of size, all municipalities are responsible for implementing social services, elderly care, preschool, and primary and secondary education. In addition, they are responsible for spatial planning and local infrastructure, as well as providing water and sewerage, parks and recreation, and, moreover, some cultural policies. Policy areas such as zoning and planning, inspections and granting of permits, and various public procurements also form part of the municipal duties. Alongside the welfare assignments, these duties are often seen as particularly important for the local business community (e.g Fölster et al., 2016).

Swedish municipalities have the right to tax the income of their residents. The local government determines the tax levels and how the funds are distributed. The municipality can also charge a fee for certain services, e.g., water and sewage, pre-school services, and care for the elderly. Municipal expenditures account for approximately 20 per cent of Sweden's annual GDP, and they employ circa 900,000 individuals – more than half of all public employees in Sweden, i.e., more than the combined number of employees in both the state and the regions. Consequently, it is unsurprising that Sweden ranks very high when levels of decentralization between countries are compared (e.g Ladner et al., 2021).

In addition to decentralisation, the principle of *national equality* is important in Sweden. To ensure equal access to services of general interest despite differing conditions in the municipalities, the Swedish state redistributes funds via the fiscal equalisation systems and continuously monitors the quality of the services provided by the municipalities.

The Swedish financial equalisation system has many components and is considered extensive, even compared to other Nordic countries (Söderdahl, 2015). On the one hand, municipalities with a weak tax base are compensated through income equalisation. Here, the state distributes money to municipalities that – for various reasons – have a low tax power compared to other municipalities. On the other hand, municipalities with an unfavourable population structure are compensated through cost equalisation. In this process, the tax revenues of municipalities with many working-age inhabitants are transferred to municipalities with many children and young people or with a high proportion of elderly people in need of care.

In addition to this reallocation of financial resources, the state also continuously assesses the social services provided by municipalities to ensure that quality, accessibility and equality are met. Many municipalities in remote, rural, and depopulating areas need help meeting these state demands despite the financial support (Syssner & Olausson, 2015). They report that these demands are often challenged by the citizens, who often value accessibility over quality in the school sector. This implies that despite the financial equalisation systems, state demands and citizens' expectations can be hard to meet.

Geographically disadvantaged municipalities: Support Area A

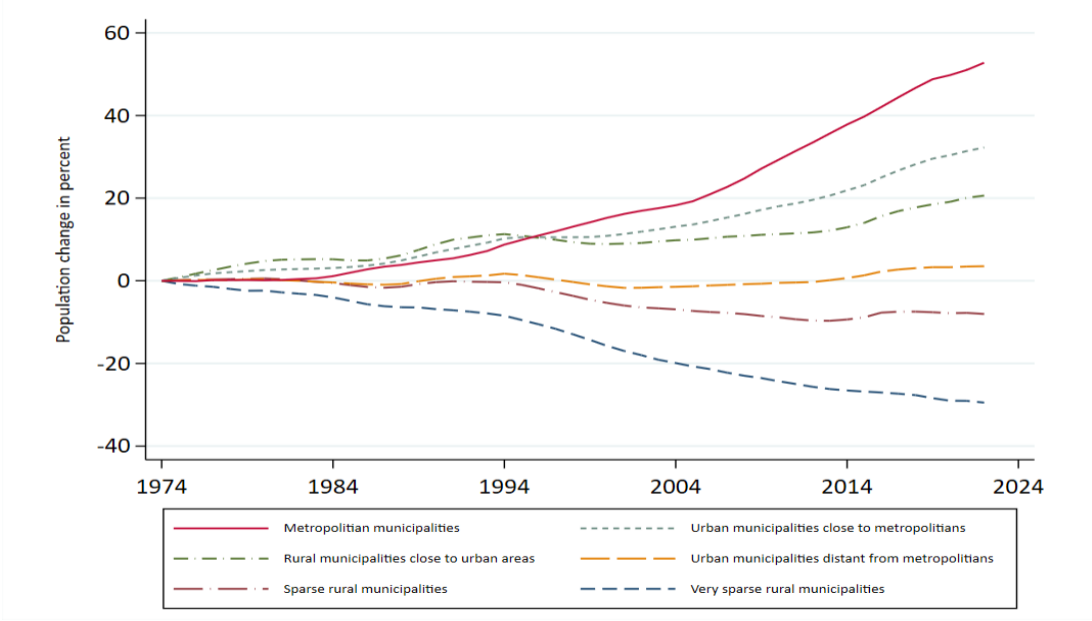
To develop more targeted and tailor-made cohesion strategies, the Swedish government has pinpointed municipalities deemed to need particular support. One such classification includes the so-called “Support Area A”. Support Area A is regulated by law (SFS 1999:138; 2015:431) and includes territories understood to have the most severe geographical disadvantages (Sw. *geografiska lägesnackdelar*). Hence, the state regarded them as the most disadvantaged from a regional development policy point of view. 39 municipalities from seven counties are included in Support Area A, and these are the counties of Norrbotten, Västerbotten, Västernorrland, Jämtland, Gävleborg, Dalarna and Värmland. The lion’s share of these municipalities is found in the two categories that have experienced the most severe population decline since 1974.[1]

Support Area A has been the subject of special government support measures several times. In 2018, the government allocated special funds to develop the business climate and business life in the area’s municipalities (Näringsdepartementet, 2018). Tillväxtverket – The Swedish Agency for Economic and Regional Growth – was mandated to pay a government grant to the municipalities to strengthen the work of the municipalities concerned in promoting the business climate and business life in each municipality. The mandate also ensured that lessons learnt

from previous interventions were utilised, further developed, and disseminated among participating municipalities and other relevant stakeholders. To this end, The Swedish Agency for Economic and Regional Growth organised a series of workshops and meetings for the municipalities to share experiences. Our research group has followed, observed and contributed to these workshops and meetings for several years. The data presented in this paper originates from one of these workshops.

The specific government assistance for Support Area A should be understood in the context of many years of Swedish urbanisation. Thus, while the Swedish population has increased with close to 2,5 million inhabitants since the mid 1970´s, the population have tended to increase in dense, urban areas but to decline in sparsely populated, rural ones. Almost half of Sweden's 290 municipalities have fewer inhabitants today compared to the mid-1970s, and – as can be seen from Figure 1 – the decline is most pronounced in the remote and sparsely populated rural municipalities. The 45 municipalities in the ”sparsely populated rural municipalities” category lost 8 per cent of their population in 2022 compared with 1974, and the 15 municipalities in the “very sparsely populated rural municipalities” lost 29 per cent in the same period.

Figure 1. Population changes in different kinds of municipalities 1974–2022



Comment: For information about the classification, see Appendix B.

The Swedish population is also very unevenly distributed. The five smallest of the country’s 290 municipalities host less than 3,000 residents, whereas the four largest host from 245,000 to almost one million. In addition, the mean area size of a Swedish municipality is one of the largest in Europe (Tavares 2015). Due to having geographically large municipalities, Swedish population density is among the lowest in Europe, and settlements in rural Sweden tend to be very scattered (Niedomysl & Amcoff, 2011, p. 264).

To sum up, many parts of the Swedish municipal sector are faced with the challenges of a small, elderly, and shrinking population that is dispersed over large areas and with a very low population density. Many of these municipalities form part of Support Area A. However, Support Area A also contains somewhat more affluent municipalities – and in addition, some Swedish municipalities with disadvantaged conditions fall outside Support Area A and are found in other parts of Sweden.

The ranking and its components

This paper aims to stimulate a critical and constructive discussion about the possibilities for local actors in geographically disadvantaged areas to develop and implement policies, plans and strategies tailored to their local conditions. We achieve this by examining one specific external

factor that might hamper these opportunities for small and shrinking municipalities in Sweden: the annual ranking conducted by the employers' organisation COSE. The Confederation of Swedish Enterprises (COSE) is an interest and lobby organisation whose members consist of circa 60,000 companies and 48 business associations. Some members are employers' organisations representing employers in negotiations with trade unions. COSE carries out a yearly survey, and an accompanying analysis, aiming to gauge what they label "the local business climate" in each of Sweden's 290 municipalities. How a municipality's business climate ultimately pans out in the ranking depends on a wide range of factors – some based on survey answers, some on official statistics. Most importantly, perhaps, the business climate is measured by allowing business owners from the various municipalities to answer a survey and assess how they perceive their situation as business owners in the respective municipalities.

The business owners' overall judgement on the business climate makes up 1/3 of the weighting of the ranking. A second third is derived from the business owners' attitudes vis-á-vis, for instance, municipal services, infrastructure, and broadband access, and how they perceive the attitudes of politicians and civil servants towards business owners. The last third is based on official statistics on new business start-ups, the proportion of people working in private industry, municipal tax level, how much welfare services are outsourced to private entrepreneurs, the proportion of the labour force, etc. Points are awarded according to a specific system, and the total score determines the position on the ranking list according to the different factors. All indicators – how they are measured and weighed – are described in detail in Appendix A.

Methods and Data

Over the years, our research team has observed and contributed to several meetings and workshops organised by The Swedish Agency for Economic and Regional Growth for the municipalities in Support Area A. The data presented in this paper was collected during one of these sessions, an online workshop to which 43 representatives from 39 municipalities in Support Area A were invited. All workshop participants had a special responsibility for local development work in their municipalities at the time. Most are planners involved in elaborating and implementing local development plans and policies. A handful of them also have political responsibilities.

At the workshop, a representative from COSE was invited by The Swedish Agency for Economic and Regional Growth to present the organization's work with municipal rankings. This representative shared that the organisation has been studying the local business climate since the late 1990s through a large annual survey of more than 30,000 businesses. The organisation's representative said that the results show a big difference in how businesses experience the business climate in the municipality where they operate. It was argued that the ability to obtain permits, how businesses and business owners are treated and inspected, and how reliably and quickly cases are handled all greatly impacted survey responses – and, thus, the rankings. In addition, attitudes towards entrepreneurship among local politicians, officials, and society in general were deemed important in the ranking. The aim is to use the survey results to give the municipalities a basis for their work to improve the local business climate. The representative then briefly commented on the ranking for 2023 and highlighted some of the changes compared to the previous year.

After that, a member of our research group gave a short presentation on understanding the role of rankings. Several examples of interest groups and organisations that employ rankings to influence municipal organisations' work and efforts were given. Examples were student organisations, business organisations, environmental organisations, industry organisations, trade unions, LGBTQ associations, etc. The presentation noted that, on a general level, comparisons of municipalities are fundamentally important and good. Comparisons, it was said, can help municipalities learn from mistakes and successes and contribute to continuous renewal and development. At the same time, it was stressed that this requires high-quality comparisons that measure and rank what the organisation claims to measure and rank. The presentation also

highlighted the criticism levelled at various rankings, especially their methodological shortcomings.

After the two presentations, the representatives from the municipalities in Support Area A who attended the workshop were asked to participate in a real-time survey prepared by our research team. In the survey, the participants were presented with both fixed and open-ended questions. They were asked to describe how they form an opinion about the business climate in their home municipality, how and to what extent the COSE ranking impacts local government practices (Appendix C). The participants answered the survey individually and in real time during the workshop, and the results were displayed, discussed by the group and commented on by us immediately afterwards.

To summarize, we used a participatory observation method, including a real-time survey with a mix of fixed and open-ended questions that were answered individually. The results were immediately displayed to spur and guide a focused group discussion. After the completion of the workshop, we analysed the material first by looking into the participants' responses to fixed questions about the ranking's significance. The greater effort was however dedicated to qualitatively interpreting how participants describe and conceptualize the importance of the topic in their open-ended responses, as well as during the focus group. Below, we present the results of our analysis.

Results

When participants in the workshop describe the importance of the ranking for their work, the dominant image is that the importance is great. In some respects, the ranking is described as a signpost of sorts or an indicator (Sw. *vägvisare* or *indikator*); in other respects, it is a knowledge base. In some cases, informants emphasise that this is the knowledge input they have access to and can work with because they do not conduct or have access to other surveys on the state of the art for business in the community. More specifically, our interpretation of the results is (a) that the ranking is used as a key source of knowledge for the participating municipalities; (b) that the ranking has an impact on local policy and practise; and (c) that informants are sceptical about the ranking but see it as a political stimulus that they must deal with. The results are translated from Swedish to English and elaborated on further below.

The ranking as a source of knowledge

In the survey, 30 out of 39 responding workshop participants report that they rely on the ranking to gain insights into their operations. Interestingly, the ranking is prominently underscored as a significantly more valuable information source than data from municipal, regional, state, or academic sources.

When asked about the significance and value of this ranking for their respective organizations, the participants consistently emphasize that it fills a critical void within their organizations due to limited resources for conducting their assessments. In the open-ended answers. the ranking is referred to as being “of relatively great importance since we, at the time, are not conducting our relevant surveys.” The ranking is also referred to as “the only measurable tool we utilize, which gives it substantial significance.” Other open-ended answers highlight that “[The ranking] opens our eyes and makes us think”, and another that the ranking “holds great importance and serves as a comprehensive knowledge base,” deeming it a “valuable and guiding tool”.

In the focused group discussion, the participants recurrently mentioned their active involvement in interpreting and analysing the ranking results. A recurring theme is that the ranking assists them in identifying their organizational strengths and weaknesses, enabling them to prioritize their efforts effectively. In the survey, one participant states, “We analyse the various components to identify the areas where we need to increase our efforts”. Another participant writes that the ranking provides the organisation with “a knowledge base about our strengths, weaknesses, priorities, and how to move forward.” A third stresses that they use the ranking to get information about what “what works [and] what does not work.”

The ranking is, as mentioned earlier above, constructed based on both official statistics and responses from a survey that gauges local entrepreneurs' satisfaction with municipal services. In the survey, one participant notes, "We always perform an analysis of the results, placing particular emphasis on the survey findings". At the same time, another adds that "We delve into the data and engage with local companies to uncover the reasons behind their responses, especially in cases of lower rankings". One participant sums it up by stating, "In summary, we scrutinize the measurements, but the survey questions hold more interest for us than the rest of the ranking." In the following group discussion, several participants explicitly state their preference for the survey component of the ranking.

The ranking as a means to influence local policy

When the participants in the workshop are asked to individually rate the importance of the ranking for the local development policy of the municipality they represent, the average score is 3.8 on a scale of 1–5. When asked whether the administrative organisation is actively working to follow up on the ranking results, the average score is 4 on a scale 1 to 5.

In the open answers, the participants were asked to contribute with their perspectives and attitudes towards the ranking and its role in municipal operations. Six respondents uttered that "[The ranking] is very important". Similarly, one participant articulated that the ranking is "important, [since] it guides efforts both within the municipal operations and in collaboration with the business community."

Others stressed that the ranking is "of great importance to how we work on developing the business climate"; that it helps the municipal organisation "to know if the business community is satisfied", "whether the dialogue [with the local business community] works", and that it helps out to focus on those areas of the municipal organisation that does not perform well. One participant states that the ranking is used to inform the overall operational plan of the municipality, and another that the ranking, "In combination with our local development strategy, is a guide for us."

Some of the participants in the workshop refer to the ranking as being of minor importance. One respondent judged the ranking "important, but not crucial" and said, "It helps us address problem areas." Another refers to a change in the significance of the ranking in local development work. "We used to focus a lot [on ranking], but now not so much", the participant maintains. One participant claims that the ranking is "Not really significant. But it helps us to see if we are on the right track." Lastly, one respondent states that the ranking is "less important" and that the municipality where s/he operates prefers to "develop the business climate through dialogue with our entrepreneurs."

Scepticism vis-á-vis the ranking

Scepticism about the ranking was expressed both in the individual open-ended answers, and in the subsequent focus group discussion. The participants recurrently point out that the survey on which the ranking is based is sent and can thus be answered by respondents who have had no interaction with municipal organisations and are, therefore, not very well placed to judge how well the municipality deals with matters affecting the business sector. They also believe that single events where the municipal organisation is portrayed negatively in the media can have a major influence on how the survey is responded to.

In the open answers, participants reflect upon the quality of the data the ranking relies upon. One participant stressed, "We analyse the problems that the ranking points to, but we are aware that the survey results do not tell the whole truth". Here, the respondent adds, "It also matters what mood the respondents were in on the day they answered". One participant states that the ranking indeed is of use for the municipal organisation, but that it is "good to look at other statistics as well." Another participant states that "single events that gets a lot of media coverage seems to have a disproportionate impact on the ranking".

Participants also reflect on whether the municipal organisation can influence their ranking. One participant states, "We do not have much influence on the statistical aspect," whereas another refers to the fact that "There are rather few companies that respond to the survey."

Rather than focusing on their responses to the survey part of the ranking, the participant argues, it is better to "work on the issues that we can influence directly."

Despite the participants' t partial scepticism, the ranking is considered de facto important. One participant stated that the "politicians think it is important, but we [i.e. the civil servants] are rather sceptical about its usefulness." Another noted that the "ranking is of importance for the local media, but it is less important for our work," and yet another that the "ranking becomes important mainly when we fall [to a lower position] in the ranking."

Discussion

We have sought to stimulate a discussion about the possibilities for local actors in geographically disadvantaged areas to develop and implement policies, plans and strategies tailored to their specific local needs and conditions. We have done so by building on previous research that identifies 'external pressure' as a hindrance to the development of such policy. More precisely, we have explored how local government representatives in disadvantaged areas perceive the influence of externally organised municipal rankings. The example used has been the annual ranking done by the employers' organisation COSE.

Guided by the interpretations of our data, we conclude that COSE's ranking does influence how local government representatives approach development policy in several ways. More specifically, the ranking is referred to as a key source of knowledge, impacting local policy and practice, and as a political stimulus that the representatives must deal with and relate to—whether they want it or not. Our interpretation is that this external, generic and not place-based stimulus derail local decision-makers from developing genuinely place-based policies.

It is neither uncommon nor necessarily harmful that external actors influence local policymaking. Similarly, it is not intrinsically wrong that municipalities benchmark themselves against others. Literature on both policy diffusion and policy learning shows how policies in different policy areas transfer between different contexts. Similarly, systematic benchmarking and comparisons could provide municipalities with important information and lessons learned that could be used to improve local policy and planning. Neither is it a bad idea to regularly ask local businessmen about their experiences and opinions. Still, in the context of a thorough reading of place-based policy theory, we want to present three critical arguments concerning the ranking performed by COSE and its apparent impact on local policy and planning in Sweden.

First, it should be noted that COSE's policy advice does not focus on place-based conditions. This observation is noteworthy, given the growing global consensus on the benefits of place-based policy frameworks. *Second*, the problems and solutions put forward by this interest organization are far from value-neutral; instead, they represent a biased stance and ought to be recognized and treated as such by the municipalities and the media who report about the ranking. *Third*, we maintain that the impact of COSE's work appears to be particularly conspicuous in municipalities characterised by a weak knowledge infrastructure.

An absence of place-based considerations

One cornerstone of a place-based approach is that decision-makers should consider place-specific conditions when planning. Although still debated, there is a growing consensus – within economics, as well as within international bodies such as the European Union and the OECD – that states, regions or municipalities should not uncritically adopt the universal 'recipes' for development and success but design policies that fit with the planning conditions at hand (Rodrik, 2009; Bachtler, 2010; Barca et al., 2012; Bentley & Pugalis, 2014; Barca, 2019). COSE's business climate survey, however, is anything but place based. Quite the opposite. Several integral parts of ranking (see Appendix B) and the policy recommendations that accompany it are schoolbook examples of a place-blind, one-size-fits-all policy.

This makes the responsiveness that local government representatives show towards COSE's ranking problematic. Hence, previous studies in geographically disadvantaged areas suggest that policies poorly adapted to local conditions and circumstances can hinder proactive strategies to address local challenges and even exacerbate the negative consequences of geographical disadvantages. Thus, policies designed with urban growth centres in mind simply do not work

in an environment characterised by scarcity, remoteness and demographic decline (Lang, 2012; Wiechmann & Pallagst, 2012).

Given the impact that COSE appears to have with local government representatives, it is crucial for municipalities, regions and state authorities designing and implementing policies in geographically disadvantaged areas to realise that COSE's policy advice is not place-based but place-blind

Biassed perspectives and normative isomorphism

A second cornerstone of a place-based approach is that it calls for a holistic, cross-sectoral approach to local development instead of isolated approaches focussing on single interests, groups, or sectors. At this point, it is important to emphasise that COSE is essentially an advocacy and influence group for businesses, industry associations, and employer groups that typically negotiate with trade unions in labour market issues. That COSE prioritises the attitudes and experiences of local businesses, favours tax reductions and the privatisation of service provision privatisation of services does not come as a surprise. This fits well with its role as an organisation that represents the private sector in negotiations with trade unions and public institutions. However, COSE represents only one of several legitimate interest groups within a locality and should be recognised and treated accordingly. Thus, politics is about "who gets what, when and how" (Lasswell 1936), and it is by no means self-evident that more attention should be paid to this particular interest group compared to other or competing interests.

As Rövik (2000: p. 34f) suggests, organisations – such as municipalities – are constantly confronted with socially created norms and expectations about what they should do and achieve. The responses of the local government representatives in our study indicate that the analytical and normative frameworks (Campbell 2002) presented by COSE, along with the solutions they prescribe, are considered valid and are taken seriously in local policy and planning. This suggests that COSE's ability to influence the understanding of whose interests are important and what constitutes a problem, and a solution (Bacchi 2000, 2012) is an important power resource (Dery 2000, p. 37; Mintrom and Norman 2009, p. 652).

Since COSE's ranking provides both analytical and normative frameworks, it has the potential to evoke both a "mimetic" and a "normative" isomorphism (DiMaggio & Powell, 1983), thereby creating normative barriers to municipalities' independent adoption of place - based approaches to policy and planning. It pushes mimetic isomorphism in the sense that, to reduce uncertainty, municipalities try to imitate the most successful peers (i.e. those at the top of the rankings). It creates normative isomorphism in that the ranking identifies certain practises, structures, and measures, thus "best practises" or normatively appropriate in the municipal sector. The local government representatives in our study illustrated this normative isomorphism well. Some of them state that the ranking has a prominent position in their work, even if they themselves are sceptical about it. Informants stress that the media coverage following the launch of the ranking each year, leave them with no choice but to engage with it – even if they do not find it meaningful.

While place-based policy should be holistic, COSE represents and gives voice to the interests of the business community. However, COSE appears to have effectively embedded its perspectives in local government organizations, which either adopt the ranking's normative frameworks or engage with them out of necessity. At this point, our key message is that while COSE's ranking and policy advice may be effective in some respects, it must always be considered situated and biased.

Weak knowledge infrastructures

A third cornerstone in a place-based policy framework is that local knowledge is utterly important. Actors, it is argued, must be able to recognise and exploit local potential and mitigate weaknesses and limitations (Nowakowska, Rzeńca and Sobol 2021, p. 2; Rodríguez-Pose and Wilkie 2017, p. 153). Different geographies have their unique site-specific conditions and challenges, the argument goes, and this is why it is important that each entity conducts independent and careful analyses of its conditions and considers its own historical, cultural and

institutional context when tailoring its development policy instruments to the actual conditions (e.g. Rodrik 2007; Tödtling and Trippl 2005).

The local government representatives in our study, however, repeatedly mention that the organisations they work for have no resources for commissioning consultancies or conducting their own research. Against the background of their weak knowledge infrastructure, they gratefully accept and act on the knowledge provided by COSE. Evidently, the lack of internal knowledge infrastructures makes these municipalities particularly susceptible to external policy pressure, such as that exerted by the ranking in focus. The fact that critics such as Vlachos (2013) doubt that COSEs way of measuring the business climate says anything substantial at all about a municipality's ability to thrive does not seem to make a difference.

Previous studies have shown that municipalities in geographically disadvantaged areas face significant challenges related to knowledge (anonymous reference). They not only lack resources to conduct their own research but also suffer from a dearth of best practices tailored to their specific local circumstances. At this point, we want to stress that organizations like COSE can become highly influential, not only as policy actors but also as key knowledge providers that promote and supply certain types of knowledge. An organization with a weak knowledge infrastructure is thus more vulnerable to the metrics and indicators of success provided by such external actors. Over time, these metrics and indicators can potentially influence the priorities and objectives of the organization itself. This phenomenon, known as 'goal displacement' in institutional theory, is known to be detrimental to an organization's core assignments (e.g., Bohte & Meier, 2000; see also Campbell 1976).

Conclusion

Our ambition is that this paper becomes a part of a wider discussion on the factors that affect the design of place-based policies, plans, and strategies in areas with geographical disadvantages. We aim to contribute to the literature that tries to improve the understanding of what hinders local governments in such areas from creating place-specific development policies. Our findings, we argue, show that *external pressure* – here in the form of the municipal ranking performed by COSE – is one condition that contributes to the understanding of why this might be the case.

Our paper shows that local government representatives in Sweden see the COSE ranking as having a palpable influence on local policy and planning. Further studies will however be needed to elucidate whether rankings like the one presented here are unique to Sweden or if similar practices exist elsewhere. If this is the case, this needs to be further theorised and problematised – for instance, with the help of theories on agenda setting, policy making, democracy, etcetera. Further research is also needed to better understand the many other factors that can prevent local decision-makers from developing truly place-based policies.

In the Swedish context, however, we call for a further critical, public discussion about the potential negative effects of rankings on local policy and planning. This discussion should involve not only academics but also local, regional, and state government bodies. Such a discussion should address issues such as the influence of ranking and similar initiatives on agenda-setting and goal setting at the local level. The discussion should also address the question of who makes the strong position of the COSE ranking possible. How do local and regional media – both public service and private media – behave in this context? How do regional and state organisations relate to it? Last but not least, we need studies of municipalities with geographical disadvantages, sparse populations, remote locations and declining populations that dare to disregard COSE's rankings and the more or less implicit policy recommendations that come along with it and develop their own place-based local development policies.

Acknowledgments/Funding

This work was supported by Formas under Grant 2022-01090; and Länsförsäkringar's Research Fund under Grant [2022-P1] and Grant [2020-P7]. The funders had no role in the design of the study, data collection and analysis, decision to publish, or preparation of the manuscript.

Notes

[1] The municipalities that do belong to Support Area A, but are not among the categories of the 60 most sparse and remote municipalities, are Gällivare (-30%), Haparanda (+7%), Kalix (-15%), Kiruna (-27%), Lycksele (-16%), Norsjö (-33%), Vindeln (-23%), Krokom (+15%), and Östersund (+20%). Within parentheses, we depict the approximate population development since 1974, and as we can see, not all of the municipalities, but most of them, are shrinking.

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Appendix A. Factors Incorporated in the Ranking

This is the way the measurement, that is the basis for the Local Business Climate ranking, is described in the most recent report on Local Business Climate from The Confederation of Swedish Enterprise.

Summary judgement (based on survey answers). The most important question in the survey, and the most important ranking factor, is the overall judgement of the business climate in the municipality. Based on their own experiences, entrepreneurs are asked to give an overall rating of their experience of running a business in the municipality. (Weighed 1/3 in the index).

Service and treatment by the municipality when dealing with business matters (based on survey answers). Municipal services are of great importance to businesses. For an individual company, it can be devastating if a building permit or a catering licence is delayed. Entrepreneurs rarely have detailed knowledge of all the laws and regulations they need to comply with. A good municipal service is characterised by efficiency, accessibility and knowledge of the conditions of entrepreneurship as well as advice and guidance. (Weighed 1/9 in the index).

Availability of staff with relevant skills (based on survey answers). The availability of employees with relevant skills is crucial to the ability of businesses to grow. Here, the municipality can help to strengthen the quality of vocational education and training programmes and thus increase their attractiveness. Industry's skills needs should be identified and an ongoing dialogue with businesses is necessary (weighed 1/12 in the index).

Availability of staff with relevant skills (based on survey answers). The availability of employees with relevant skills is crucial to the ability of businesses to grow. Here, the municipality can help to strengthen the quality of vocational education and training programmes and thus increase their attractiveness. Industry's skills needs should be identified and an ongoing dialogue with businesses is necessary.

Municipal politicians' attitudes towards entrepreneurship (based on survey answers). It is the politicians who ultimately have the ultimate power to make the decisions that affect the conditions for running a business in the municipality. The politicians' view of and co-operation with the business community is therefore a crucial factor in the local business climate (weighed 1/36).

Municipal officials' attitudes towards entrepreneurship (based on survey answers). Two out of three entrepreneurs have annual contact with their municipality. It may be about building permits, environmental inspections or a procurement process. How officials' actions are of the utmost importance for how easy it is to start, run and develop businesses in the municipality. Even those officials who do not work directly with services to businesses need to realise that their actions also affect the business climate (weighed 1/36).

Municipal procurement (based on survey answers). The factor measures companies' experience of municipal procurement. The municipality that succeeds in its procurement work creates great benefits for the citizens, the municipality, the local business community and ultimately society as a whole by using tax funds in an efficient and effective manner (weighed 1/54).

Competition from municipal activities (based on survey answers). The factor measures the extent to which companies consider that the municipality's activities are crowding out private activities. A municipality should ask itself whether there are municipally performed services that could just as well have been performed by companies. By outsourcing activities, introducing freedom of choice systems and the right to challenge, the municipality can encourage publicly funded activities to be carried out by private companies (weighed 1/54 in the index).

Crime and insecurity (based on survey answers). Crime and insecurity hamper the growth and development opportunities of businesses. The factor describes the extent to which businesses are negatively affected by crime/insecurity in the municipality (weighed 1/54 in the index).

Road network, rail and air connections (based on survey answers). How companies perceive the road network and rail and air connections, i.e, the physical infrastructure. For companies, good infrastructure is a crucial issue for the business climate because it affects both supplies such as access to customers and staff. (Weighed 1/72 in the index).

Mobile networks and broadband (based on survey answers). How businesses perceive mobile networks and broadband in the municipality. As digitalisation increases, it is becoming increasingly important for companies to be able to communicate quickly and easily with the outside world. An inadequate fibre network is a negative constraint that, in the worst case, can lead to the loss of important business. (Weighed 1/72 in the index).

Municipal information to businesses (based on survey answers). The factor measures how well the municipality succeeds in providing information to businesses. There is a lot going on in a municipality that is relevant for businesses to know about. This may be information that affects businesses directly but also of an indirect nature. (Weighed 1/72 in the index).

Dialogue between businesses and municipal decision-makers (based on survey answers). Dialogue forms the basis for the municipality's business work and aims to build relationships and create mutual trust between businesses and the municipality. Mutual trust and understanding are particularly important in the contacts between entrepreneurs and the authorities in the municipality (weighed 1/72 in the index).

Market supply (from official statistics). The proportion of local residents' income that comes from private companies, associations and foundations. Market supply can be seen as a measure of the vitality and size of the local economy. If market supply increases, and more people get their income from the private sector, the financing of public services is strengthened. (Weighed 1/15 in the index).

Municipal tax (from official statistics). The total municipal tax, including taxes to the region. Municipal taxes have the greatest impact on people's personal finances. It affects the ability to build the capital required to start a business. For companies, it is also important that the local purchasing power is as strong as possible. A low municipal tax also makes the municipality more attractive to immigrants, which is important for companies' supply of skills (weighed 1/15 in the index).

Contractors (from official statistics). The proportion of goods and services that the municipality purchases from private companies, associations and foundations. A municipality that outsources a large proportion of its activities contributes to the growth of the market and business opportunities for companies, which stimulates business in the municipality (weighed 1/15 in the index).

Jobs in the municipality (from official statistics). The relationship between the number of people (20-74 years) who have their workplace in the municipality and the number of people (20-74 years) living in the municipality. If the municipality has a good business climate, it is easier to start and run a business. This creates more companies and, in turn, more jobs. (Weighed 1/15 in the index).

Entrepreneurship (from official statistics). Proportion of enterprising persons in the labour force (16-74 years). Those individuals who are approved for F-tax, are partners in an active partnership or are CEO or board member of an active limited company are counted as entrepreneurial. (Weighed 1/15 in the index).

Appendix B. Types of Municipalities

Figure 1 is based on a classification of six types of municipalities made by Swedish Agency for Growth Policy Analysis (Sw. *Tillväxtanalys* 2014). This division is based on population density, population size, and proximity to population agglomerations, similar to frameworks employed by, for instance, Eurostat and OECD. Below, we briefly describe what is meant by each category, and how many municipalities each category comprises.

Metropolitan municipalities (29 municipalities) Municipalities with less than 20 per cent of the population in rural areas and a combined population with neighbouring municipalities of at least 500 000 inhabitants.

Urban municipalities close to a major city (103 municipalities). Municipalities with less than 50 per cent of the population in rural areas and at least 50 per cent of the population with less than 45 minutes travel time to an agglomeration with at least 50,000 inhabitants.

Urban municipalities distant from metropolitan municipalities (28 municipalities). Other municipalities with less than 50 per cent of the population in rural areas and less than 50 per cent of the population with less than 45 minutes travel time to an agglomeration with at least 50,000 inhabitants.

Rural municipalities close to urban areas (70 municipalities). Municipalities with at least 50 per cent of the population in rural areas and at least 50 per cent of the population within 45 minutes travel time of an agglomeration with at least 50,000 inhabitants.

Sparsely populated and remote rural municipalities (45 municipalities). Municipalities with at least 50 per cent of the population in rural areas and less than 50 per cent of the population within 45 minutes' travel time of an agglomeration of at least 50 000 inhabitants.

Very sparsely populated and remote rural municipalities (15 municipalities). Municipalities with the entire population in rural areas and with an average travel time of at least 90 minutes to an agglomeration of at least 50,000 inhabitants.

Appendix C. Workshop Questionnaire

What does a good business climate mean, in your municipality?
Open-ended response

How do you form an opinion about the business climate in your municipality?
Multiple choice

- Personal meetings and networks
- Digital business meetings
- Business councils or similar
- Daily press/radio/TV
- Materials prepared by the municipality
- Materials commissioned by the municipality
- Materials from the regional development actor
- Materials from state authorities
- Materials from universities and colleges
- External surveys and rankings
- Other

How well do the following statements apply to your municipality?
Weighted average (1-5)

- The ranking by the Confederation of Swedish Enterprise is significant for how we work to develop the business climate in my municipality
- My part of the municipal organization actively follows up on the results of the Confederation of Swedish Enterprise ranking
- Other parts of the municipal organization in my municipality actively follow up on the results of the Confederation of Swedish Enterprise ranking
- Elected officials in my municipality actively follow up on the results of the Confederation of Swedish Enterprise ranking
- Companies in my municipality actively follow up on the results of the Confederation of Swedish Enterprise ranking
- Business organizations in my municipality actively follow up on the results of the Confederation of Swedish Enterprise ranking

How well do the following statements apply to your municipality?
Weighted average (1-5)

- Other municipal rankings are significant for how we work to develop the business climate in my municipality
- My part of the municipal organization actively follows up on the results of other municipal rankings
- Other parts of the municipal organization in my municipality actively follow up on the results of other municipal rankings
- Elected officials in my municipality actively follow up on the results of other municipal rankings
- Companies in my municipality actively follow up on the results of other municipal rankings
- Business organizations in my municipality actively follow up on the results of other municipal rankings

What significance does the Confederation of Swedish Enterprise ranking have on how your respective municipalities work to develop the business climate?
Open-ended response

What significance do other municipal rankings and surveys have on how your respective municipalities work to develop the business climate?
Open-ended response