

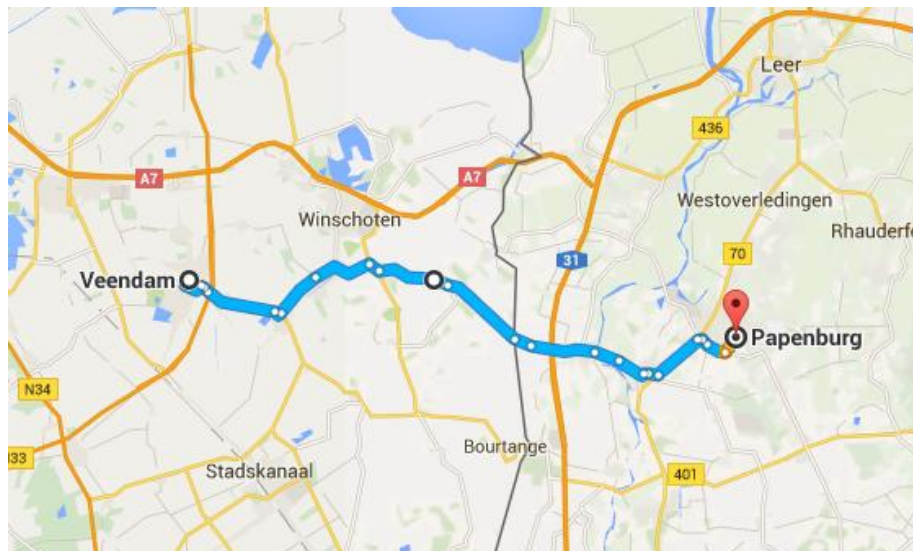
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Facilitating cross- border collaboration between small and medium-sized enterprises in Veendam and Papenburg



Aalborg, May 31, 2016

Abstract

In an increasingly integrated Europe, intensive collaboration is a mean for economic growth in the border regions. The EU is investing money into cross- border initiatives to foster economic integration. The European Union is trying to integrate economies and member- states even more with the European Cohesion policy the policy behind hundreds of thousands of project all over Europe that receive funding. Therefore the border between Germany and the Netherlands is characterized by many cross- border initiatives. The Eems Dollart Region is the main initiative in the north of the German- Dutch border. Within the region Veendam and Papenburg want to collaborate.

From an economic perspective the municipality as well as the business club of Veendam on the Dutch side of the border and the municipality and business club of Papenburg on the German side of the border want to collaborate. There has not been a study on the facilitation for cross- border collaboration in order to reach competitive advantage. Using a case study, the diamond model, from the competitive advantage theory of Michael Porter (1990) is used to create a collaboration scheme. Through interviews and literature the main research question, **how can cross- border collaboration be facilitated between small and medium- sized enterprises between Veendam and Papenburg**, was answered using the analysis method of grounded theory. The most important factor of the diamond model is the importance of innovation, since it creates competitive advantage and an economic gain.

The cross- border collaboration between Veendam and Papenburg has competitive advantage at its core goal, with SME's at its core. This should lead to more revenue, value added activity and work in both municipalities.

The collaboration has to be small, specific, direct and demand based in order to gain a competitive advantage out of the collaboration. The companies need to benefit from it and need to be stimulated by economic gains thus according to the factors in the diamond model, collaboration leads to competitive advantage in the case of SME's in Veendam and Papenburg.

The scheme that has resulted from the research creates involvement from all stakeholders. In this scheme the government the businesses and the companies all have their responsibility for creating a collaboration that will lead to a competitive advantage by demand being demand driven.

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Introduction

When Germany sneezes, the Netherlands gets a cold.

In an increasingly integrated Europe, intensive collaboration is necessary for the economy in the border regions. In 1990, there was a strong growth in cross-border regions (Perkmann, 2003); today, 70 cross border regions, known as ‘Euroregions’, ‘Euregios’ or ‘Working Communities’, exist in Europe. (Perkmann, 2003).

Cross-border collaboration offers opportunities for economic growth and offers opportunities for business in both regions. By viewing the border as a connection rather than a barrier, border regions can grow. It leads to an enlargement of networks, knowledge share and mutual understanding in terms of culture. Much cross border collaboration is taking place in Europe, which is reinforced by the European Union.

European integration started with the political idea of preventing another war. The goals of the European Union were political; yet the means were economic (Baldwin, Wyplosz, 2009, p. 39). The notion of cross-border collaboration began with the formation of a customs union from 1958 to 1968 and the elimination of tariffs and quotas on trade within the EU. In 1992, the European Single Market program was introduced, which eliminated non-tariff barriers and liberalized capital flows within the European Union (Baldwin, Wyplosz, 2009, p. 39). In turn, this created accessibility that made it more possible for businesses and nations to collaborate in a cross-border setting. With the introduction of the Euro, the Economic and monetary Union created a single currency for most of the EU member states, resulting in a more integrated economy.

The European Union is attempting to integrate economies and member states even further with the European Cohesion policy - the policy behind a proliferation of projects throughout Europe that receive funding from the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund. The main objective with the EU’s reformed cohesion policy is to reduce these differences by promoting economic growth, job creation and competitiveness.

According to the European Cohesion Policy, the EU is divided into 274 regions¹.

Currently, there are several collaborations between people, businesses and organizations on both sides of the German- Dutch border. Two of the most known collaboration institutions is Interreg and Enterprise Europe Network (EEN), which are primarily subsidy programs financed by the European Union. European commission supports cross-border regions with approximately €700 million per year, supplemented by a similar amount by European nation states (Perkman, 2003).

There are many cross-border initiatives between Germany and the Netherlands in the northern region. Within the Eems Dollart Region, several municipalities are collaborating cross-border (PAU NWP). The municipality of Veendam on the Dutch side of the border and the city of Papenburg on the German side propose to collaborate as well. Furthermore the Wirtschaftsforum Papenburg (business club of Papenburg) and The Veendammer Ondernemers Compagnie (VOC, Veendammer business club) want to collaborate. On a governmental level as well as an economic level Veendam and Papenburg want to work together. On the economic level collaboration is supposed to be between small and medium sized enterprises (SME's).

There are already many initiatives for cross-border collaboration between Germany and the Netherlands especially in the Eems- Dollart Region; however, despite the many initiatives, there is not a direct business-to-business facilitation scheme that is working for the region. This indicates an alternative manner of cross- collaboration is necessary. This leads to the following research question:

How can cross-border collaboration be facilitated between small and medium- sized enterprises between Veendam and Papenburg.

Sub questions:

1. What is the demand for cross border collaboration from businesses as well as business clubs in Veendam and Papenburg and the local government?
2. How do Veendam and Papenburg reinforce each other?
3. What are the major economic differences between Veendam and Papenburg?

¹ http://ec.europa.eu/regional_policy/en/faq/#2

The research question will be addressed and answered by using the Diamond Model from the competitive advantage theory by Michael Porter (1990).

The competitive advantage theory is used to determine if collaboration would lead to a competitive advantage. The more SME's collaborate with each other in Veendam and Papenburg, the greater their competitive advantage will be.

The goal of the research is to provide a new facilitation network, which entails a collaboration scheme that is considered to be approachable and easy to use. This is attempted by examining what the businesses need and defining what makes businesses competitive and what is important to create an environment for collaboration and economic prosperity. Furthermore, it is important to see what initiatives are available and to research either how these could contribute to the cross-border collaboration or why they do not contribute enough, in light of their original purpose. In this research, the focus will be on what can be done for the businesses. This research was set out by the municipality of Papenburg and the municipality of Veendam, as well as the Business clubs of Veendam and Papenburg (Wirtschaftsforum Papenburg, Veendammer Ondernemers Compagnie).

In order to answer the research question, the process involved several interviews and focus groups with businesses involved in the cross-border collaboration, with the purpose of enhancing this cooperation. The researcher organized a focus group with the economic conveyer of the municipality Veendam, Jos Kraan, and Carsten Röttgers, the chairman of the business club Papenburg. Furthermore, the researcher had meetings with the economic conveyer of Papenburg, as well as the chairman of the business club in Veendam, in order to establish the expectations from the involving parties. The anticipated outcome through interviewing the different parties was that the scheme should be according to everyone's wishes. A more systematic overview of how the research question will be answered will be given in the Methodology section. Initially, the theory will be discussed to get an understanding of the theoretical background of this research. This will be followed by the methodology section which will provide an insight into the research design and the chosen methods of data collection as well as methods of data analysis. In addition, the validity, reliability and limitations will be discussed as they relate to the project. The analysis is comprised of an assessment of the economies of Veendam and Papenburg.

In the following I present the project outline.

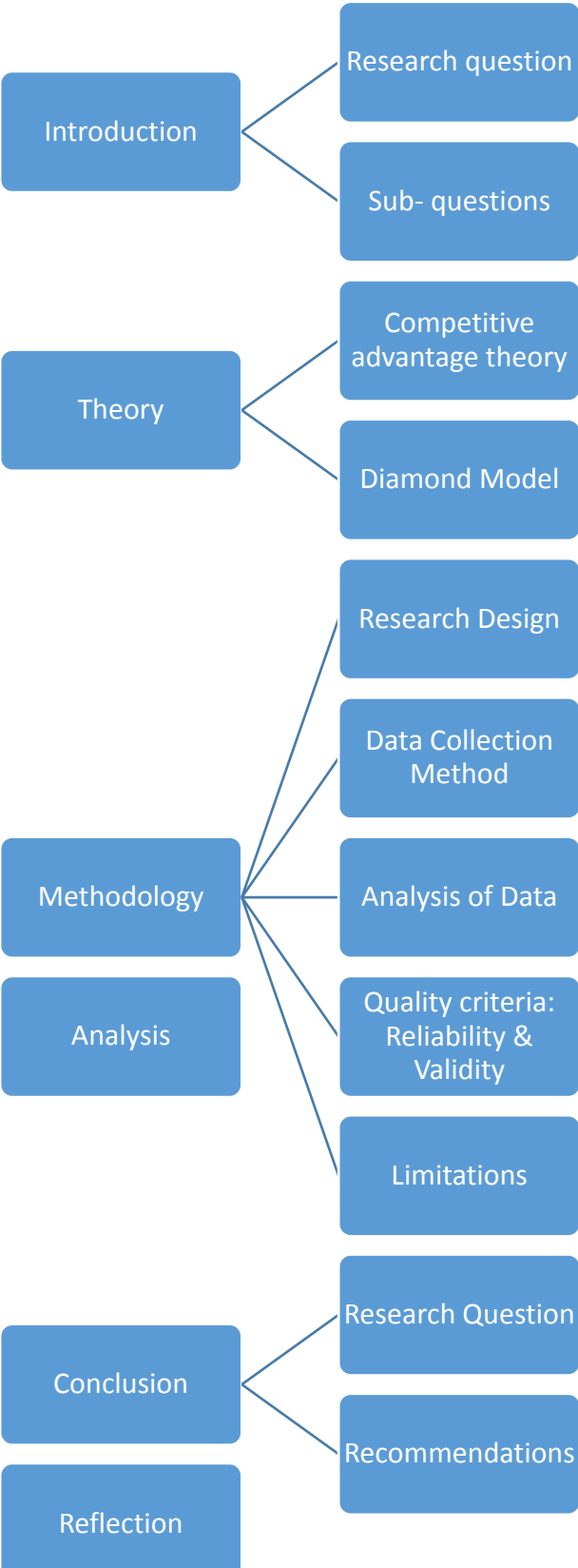


Figure1: Project outline (Own creation)

Theory

"A good theory is a shortcut to get an understanding of the complex world" (Moon, 2000, p. ix)

In this section, the competitive advantage theory will be addressed. This theory accompanies the Diamond Model by Michael Porter, derived from the competitive advantage of nations (1990) and will form the basis for the analysis and methods of data collection. First, a short development from trade to competitive advantage theory will be displayed to get an understanding of the background and to understand why Porter developed the competitive advantage theory to get a notion of the strengths of the theory. The researcher will then explain the Diamond Model and the different factors the model consists of. Since the theory of Porter has also been criticized, it is very important to look at relative debates to understand it better and to take its weaknesses into account. Therefore, a section about the theory's criticism and debates is also included in the research.

Development from mercantilism to trade theory to competitive advantage theory

In order to understand competitive advantage theory, the roots of trade theory must first be examined. One of the first trade theories is mercantilism, occurring in the 15th and 16th century due to the expansion in Europe to discover the new world (Moon, 2000). With mercantilism, trade was considered to be a zero-sum game. This meant that a surplus in one country means a deficit in another. Thomas Mun was one of the leading theorists on mercantilism, acting as the director of the East India Company (Moon, 2000, p. 5). In his position, the aim was to increase the wealth of England by selling more than can be bought. The most crucial criticism of mercantilism was the notion of trade being a zero-sum game, where each party's gain or loss is offset by the other party's gain or loss.

Adam Smith considered trade to be a positive-sum game, where all involved parties can benefit from the trade. With *The Wealth of Nations* (1776), Smith focused on topics such as free exchange, a free market and specialization. With *The Wealth of Nations* (1776), Smith created the basis of a more modern economic theory. The major restriction, according to Smith, was government interference of free flow of international trade, which could hamper the natural growth of economic activity (Smith, 1776, p.336). Adam Smith and the scholars that followed, among them David Ricardo, contributed paramount support to his theory. Ricardo introduced the notion of comparative advantage. Contrary to what Smith believed, Ricardo maintained that

countries should focus on what they can do best so as to specialize where the absolute advantage lies. Inferior countries should specialize where they have the least amount of disadvantage (Moon, 2000, p. 9). Comparative advantage arises from differences in labor productivity, according to Ricardo. The leading denunciation of this theory is that Ricardo does not explain why comparative advantages are different in some countries as opposed to others.

These traditional trade theories are still used in analyzing and understanding trade policies today. However, the world has changed severely since the 18th century; therefore, these theories do not suit the complicated global economy any longer (Moon, 2000, p. xxi). In 1990, Michael Porter introduced a new competitiveness theory, which was called the Diamond Model (Moon, 2000, p.xxi). Porter studied ten important trading nations for four years (Porter, 1990). He considered the industry of a nation to be successful if the industry had competitive advantage over the best worldwide competitors (Moon, 2000, p. 61). The conclusion of the research was that nations are successful due to the environment being forward-looking, dynamic, and challenging.

Because Porter focuses on a global economy as opposed to Adam Smith with his theory, the competitive advantage theory of Porter is chosen. The research is focused on cross-border economic industries; subsequently, a theory that takes this and the complicated global economy into account is chosen.

The competitive advantage of nations

The competitive advantage theory focuses on the competitive advantage of nations. The main concept of the theory is that national prosperity is created, not inherited (Porter, 1990). The consideration this statement promotes is the scope to which an industry can innovate and upgrade influences a nation's competitiveness. This means that companies stay on top of their game and may be better than their competition because of pressure and challenges (Moon, 2000, p. 63). Companies benefit from "strong domestic rivals, aggressive home-based suppliers, and demanding local customers" (Moon, 2000, p.63).

The creation and assimilation of knowledge have become more important in this global environment; therefore, the basis of the competition has changed. Porter considers the competitive advantage created through localized processes (Moon, 2000, p.63). Many different factors, such as national values, culture, economic structures, institutions and history according to Porter's theory, influence competitive success. Every nation has their specialty; not every

nation can compete in every field of industry. At the end, industries flourish because their environmental perspectives are dynamic and challenging (Moon, 2000, p.63). With these new ideas and new tools, we need to know what works, why this works and how to apply it to Veendam and Papenburg.

Michael Porter

Michael Porter is a professor at the Harvard Business School (Moon, 2000, p.xix) and considered to be the main authority on modern competitive strategy. His theories and frameworks are unambiguous and clear-cut, thereby informal enough to use for solving dilemmas. Because Porter's frameworks are concise, comprehensive and accessible, he became the leader in the field of modern business (Moon, 2000, p. xix). The reason for Porter's success is the creation of an overarching business strategy that is simple and thereby accessible, as well as clear with the focus on value creation. With his theory, he changed the business mindset from needing to beat the competition to creating a positive-sum game established by value creation (Moon, 2000, p. xix). The fact that his models have been extensively tested gave reasons to apply it to the situation of collaboration between Papenburg and Veendam.

Diamond Model

The new competitive theory Porter introduced in 1990 was the Diamond Model, whose name was inspired by the belief that nations can succeed best if they focus on the industry where the national "diamond" is the most favorable (Moon, 1990, p. xxi).

The figure below shows an overview of Porter's Diamond Model. In the figure, it becomes clear that the six factors of the model influence each other cooperatively. These factors clarify what it takes to be competitive, with four of these factors being interrelated components. The model's factors include factor conditions, demand conditions, related and supporting industries, and firm strategy, strategy, structure and rivalry. Furthermore, the two exogenous factors are chance and government (Moon, 2000, p.xxi).

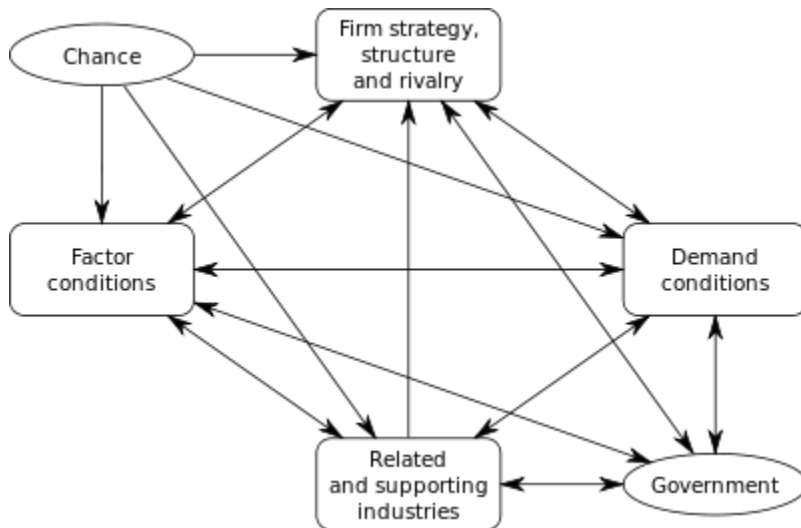


Figure 2: Porter's Diamond Model for the Competitive Advantage of Nations

In the table below, the four interrelated factors and the two exogenous factors are explained and elaborated on in order to get an understanding of the factors.

Factors	
Firm Strategy, Structure and Rivalry	<ul style="list-style-type: none"> • the way businesses are managed influences their success • competition pushes innovation and productivity
Demand Conditions	<ul style="list-style-type: none"> • demand in the home country can pressure firms for innovation especially when these demands are specialized • the more demanding the customer in an economy, the greater the pressure for firms to improve
Related Supporting Industries	<ul style="list-style-type: none"> • proximity of industries facilitates exchange of information and fosters an exchange of ideas and innovations • companies can stimulate each other to innovate

Factor Conditions	<ul style="list-style-type: none"> • human resources, physical resources, knowledge resources, capital resources and infrastructure • specialized resources, specific for an industry and important for competitiveness • specific resources can compensate factor disadvantage
Government	<ul style="list-style-type: none"> • the government has an influence on all the above factors with government intervention and tax measures as well as innovation subsidies • the government can be seen as "catalyst and challenger; it is to encourage or even push companies to raise their aspirations and to be more competitive (Porter, 1990) • a stimulation factor
Chance	<ul style="list-style-type: none"> • situations can occur that the firms have no influence on which will help some firms but can bring disadvantage to other

Table 1: Factors Diamond Model (Porter, 1990)

Criticism

"Applying a theory without considering its weaknesses is like taking a medicine without knowing its side effects" (Moon, 2000, p.ix).

Michael Porter is the frontrunner in terms of competitiveness theory; however, no theory is perfect in an ever-changing environment (Moon, 2000, p.xxii). In the following paragraphs, critiques of the Diamond Model are presented.

Alan Rugman (1991): Diamond in the rough

In his article "Diamond in the Rough," Rugman criticizes the four factors in the model of Porter. Rugman considers the model wrong in terms of having one single diamond in a nation and focusing merely on that. Many economies, especially small economies, have to base their diamond on the neighbouring countries. He explains this with the example of Canada. Canada and the U.S.. The diamond of the U.S. is likely to be more important for multinationals than Canadas own diamond. This does not only apply to Canada but applies to most small open economies (Moon, 2000, p. 106).

For this research, this criticism is important to take into account. Rugman makes the point that with the increasing trade between countries, one has to take into account the diamonds of countries that out-scale the small economies. Due to the cross-border element and thereby the focus on two nations, one can assume that this problem would also occur. However, since the theory is applied on a regional setting, we can consider the region to be a nation state since Veendam and Papenburg have intentions to collaborate.

The Diamond Model is a model that takes the competitiveness of nations into consideration; however, in this case, the subjects include a region with two municipalities that are fairly small in number.

Applying the Diamond Model to cross-border collaboration between Veendam and Papenburg

Through looking at the competitive advantages, what is important for businesses and in what way they need to be facilitated in their collaboration are already recognized.

The idea of having a single "Diamond" and thus, a single industry that flourishes, is advantageous. In contrast, this is not suitable for small economies because their domestic industries are limited. The same can be said for Veendam and Papenburg. The economies are very small, but supporting only one party may be risky. Papenburg's main business is the Meyer Werft, with most of the businesses located close to the Werft to support it. Because the economies are small, according to Porter's theory, it would be beneficial to utilize international variables to enhance competitiveness (Moon, 2000, p.xxii)

Jos Kraan (Appendix H) stated in one of the meetings that both Veendam and Papenburg would like to grow economically. The Diamond Model shows how Veendam and Papenburg can do precisely that by being more competitive. In order for me to use the Diamond Model for this

research, I will later address the different factors in relation to the case of Veendam and Papenburg.

Interreg

Interreg is an initiative or subsidy program that was founded by the European Union early in the 1990's, in order to promote cross-border collaboration. It is an implementation instrument of the European cohesion policy. Interreg supports financial collaboration projects along the European borders.

For the German-Dutch border, 440 million euros were available from 2014 to 2016 to enhance cooperation. The aim of this project is to have more process and product and product innovation in the branches that are relevant for the program area. Especially in the field of CO2 reduction Technologies in the field of product and process innovation are wanted. Furthermore the barrier the border is still considered to be should get less visible for Citizens and institutions.

Eems Dollart Regio (EDR)

Established in 1977, the EDR is a meeting place where cross-border sessions and other cross-border projects will be facilitated. Common interests, such as the infrastructure enhancement of the regional economy and culture, are main points that are discussed. Priorities are the promotion of economy technology and innovation-sustainable Regional development and integration and Society. The EDR is the main cross-border facilitator in the north of Germany and the Netherlands and is mostly financed by the European Union. It gives funds to cross-border projects, which means that the EDR is an extension of the European Union within the region.

Enterprise Europe Network (EEN)

The Network helps small and medium-sized enterprises (SME's) make the most of business opportunities in the EU and beyond. Enterprise Europe Network (EEN) helps entrepreneurs, research institutes, universities, technology centers and institutions for business and innovation development charged with finding partners worldwide. The Enterprise Europe Network is fairly new and has not been used very often. No company in Veendam has used it so far. Companies

probably do not know of the existence of EEN; furthermore, there are certain requirements for the use of EEN, which have to be met but which may be an obstacle for potential participants to overcome. On the other hand, the use of the EEN is free, so one would expect more demand.

Eems Dollart Businessforum (EDBF)

The EDBF (EDR Business Forum) is a partnership among municipalities in the border region of the Netherlands and Germany, the Dutch Chamber of Commerce (*Kamer van Koophandel, KvK*) and the German Chamber of Commerce (*Industrie und Handelskammer, IHK*). These municipalities include, amongst other participants, Papenburg and Veendam. The EDR Business Forum facilitates German and Dutch entrepreneurs who conduct business with the neighbors through the organization of bilingual thematic meetings. Following the thematic meetings, a plethora of network opportunities exist, possibly with support from the EDBF. Outside the meetings, the EDBF can create connections between entrepreneurs and bring them together. The EDBF functions as a platform for economic development in the region.

IGS/ IGZ (Intensivering van grensoverschrijdendesamenwerking/ Intensivierung der grenzüberschreitendenZusammenarbeit)

IGS or IGZ refers to intensifying cross border collaboration within the Ems Dollart region. The IGS consists of 14 municipalities in both the north of Germany and the Netherlands that try to set up a cross-border projects together with the project bureau, PAU- NWP. The project bureau set out 10 different fields for cross-border collaboration varying from tourism, energy, maritime and innovation (Bron IGZ onderzoek). Bart Lammerink, from the municipality of Veendam, is currently doing the administrative work for the project. Both Bart Lammerink and his counterpart Andreas Metz, from the city of Papenburg, decided that the collaboration should be more direct and more efficient. Therefore, Papenburg and Veendam prefer to set up a project together with the help of the project bureau. The goal of the project bureau should then be to perceive any possibility of funds from the European Union. Instead of having ten project fields, one concrete project will be set out now.

Methodology

"Social research and its associated methods do not take place in a vacuum" (Bryman, 2012, p.5).

It is important to consider methodological issues when doing social research. The outcome of the research is directly impacted by the chosen methodological framework. This section addresses the methodological approach considered most appropriate for conducting this research. The methods of data collection as well as the analysis of the gathered data are discussed. The provided approaches are evaluated, according to validity and reliability, and limitations to the study will be presented. The researcher tries to be as objective as possible throughout this research; however, it cannot be denied that background experiences and prior understandings play a role in gathering and interpreting the data.

The research tasks was set out in this research by Jos Kraan, who is the economic conveyor of the municipality of Veendam. My contact with him through an internship at the International Welcome Center North was the catalyst for this project. Veendam was already collaborating with Papenburg; however, they wanted to learn more effective methods of facilitating the collaboration and to discover new possibilities for it. I was born in the Netherlands and lived in Germany for 15 years before returning to the Netherlands; I am also bilingual. This served as a good base for the research as every collaboration subject could be discussed in a preferred language, hence, the reason I received the opportunity to conduct research for the municipality of Veendam. To understand the setup of research and certain methodological choices, it is important to understand what the background of the research and the researcher are. This will further be reflected in the limits and validity and reliability of the research.

Research Design

In order to answer the research question, I will focus on the four interrelated and two exogenous factors derived from the Diamond Model. These factors will be answered within the given sub-questions. Therefore, an initial general overview of the economy and geographical features of the region are presented with a description of the main economies. Secondly, the gathered empirical data, consisting of interviews and meetings, is analyzed to receive an understanding of the demands of cross-border collaboration by the different stakeholders. The various cross-border activities will also be mentioned and will be elaborated on in order to get a view and an understanding of the current cross-border activities that influence the competitive advantage of

the region. This is done in order to understand the full scope of the influences affecting collaboration between Veendam and Papenburg.

The evaluation and analyses of the data involve a series of interviews and meetings, which will further be explained in the methods of data collection. The detailed description of the analysis method is given in more detail further on in the methodology. In the methods of data collection section, critical reflections of the chosen methods of data collection are discussed. The chosen analysis tool will also be critically assessed.

In this research, an iterative approach is used, which describes a constant weaving back and forth between data in the data collection to achieve a solid base for the framework and theory (Bryman, 2012, p. 26). During the research, the academic literature, interviews, gathered data and findings were constantly reorganized and reinterpreted, conferring further findings and questions. The choice of methods was based on the existing competitive advantage theory by Michael Porter (1990).

The iterative research process fits the chosen analysis method of grounded theory and vice versa. Through the gained information via data collection, an answer to the research question is generated. This was done by using grounded theory and coding as an analysis method.

Case Study

“The basic case study entails the detailed and intensive analysis of a single case” (Bryman, 2012, p.66).

To obtain a deep and insightful understanding of the collaboration between Veendam and Papenburg for this qualitative research, the chosen research method is a case study. Through a case study, understanding the problems, expectations and demands from the stakeholders better will be enabled because case studies are concerned with the complexity and particular nature of the case in question (Bryman, 2012, p. 66)

A collaboration framework for the case of Veendam and Papenburg is created. After further elaborate testing, this framework can be used for other cases; a case study can also form the basis for more theory.

The unit of analysis in this case study is the cross-border collaboration between Veendam and Papenburg. However, one has to be realistic and understand that one case is not representative

and therefore cannot be generalized to other cases. With further testing and for subsequent studies, the created framework could be revised and improved by using other cases.

Why the case of Veendam and Papenburg?

Approximately 50 kilometers lie between Veendam and Papenburg, and they share a common marshland history. Both are aligned in the same manner along one long canal. Papenburg was built after the example of Wildervank, a village in the municipality of Veendam. Because of the common history, the municipalities initiated contact, which led to a meeting of the mayors. According to Bart Lammerink, who is responsible for the collaboration with Papenburg on the municipal level, the mayors of Papenburg and Veendam have a good professional connection. Both mayors have confirmed their cooperative relationship; it is these connections between the municipalities that enticed the business clubs to initiate contact that led to the beginning of the collaboration. . The business clubs of both municipalities wanted to collaborate for the potential cultural and economic gains. However, facilitating the collaboration required more than the initiation. Because of the Dutch-German history and language capabilities of the researcher, there was the added advantage of having fewer language interpretation errors. Furthermore, the economic structure of the region on the German side of the border is comparable to the Dutch side with relatively much agriculture, industry and construction. Thus, the common history and the researcher's capabilities made Veendam and Papenburg a good case for a collaboration study.

Constructionism and hermeneutics

The emphasis of this study are social actors within cross-border collaboration of Veendam and Papenburg. When research is based on subjective meanings and making sense of social actors, a constructivist approach as an ontological perspective is favored (Holmsgaard et al., 2015, p. 25). Ontology is concerned with the nature of social entities. The main point of consideration is whether social entities have a reality external to social actors or if they can be considered as social constructions created with the perception and action of social actors (Bryman, 2012, p.32). These ontological positions are referred to as objectivism and constructionism. For this research, the ontological position of constructionism is chosen because the nature of the social

entity is investigated, conforming that “social phenomena are and their meanings are continually being accomplished by social actors” (Bryman, 2012, p.710). This means that the concepts and realities are being constructed by the social actors, which is the case of this research with the interviewees and people from the meetings. Furthermore, time plays an important role in constructionism because concepts are constantly constructed and reconstructed by different social actors. Therefore, the same words and concepts can have different meanings depending on context and time. Since the interviewees are experts in their field and related to either Veendam or Papenburg and the cross-border activities in the region, they are considered sensible subjects from which knowledge is retrieved through their subjective meanings.

It can be argued that constructionism leads to bias. It can be recognized that every researcher has an opinion and is biased in some way; however, since iterative research process is applied, the researcher constantly weaves back and forth between the gathered data and the theory in order for the research to be less biased. The researcher was in constant dialogue about the observed phenomena and how to approach and analyze them with her supervisor at the municipality Veendam, Jos Kraan.

For the research, an iterative process was chosen despite the fact that the study is a qualitative study with a constructionism approach. It can be argued that constructionism fits more with an inductive approach. However "while it is useful to contrast the two research strategies it is necessary to be careful about hammering a wedge between them" (Bryman, 2012, p. 36). There are examples where qualitative research has been used to test rather than to generate theories (Adler & Adler, 1985).

"Epistemology is concerned with what is or should be regarded as acceptable knowledge" (Bryman, 2012, p. 27). The epistemological consideration has to conform to the ontological perspective which, in this research, is constructionism. Bryman introduces two different concepts. In Positivism, concepts are applied and used in line with the natural science to the social world. This explains that science is value-free and that phenomena can only be assured by the senses and thereby considered knowledge (Bryman, 2012, p.27). Positivism disagrees with the notion of the role of social actors in the construction of knowledge. Therefore, this stance is contradicting the ontological position of constructionism and not chosen as the epistemological stance.

On the other hand, Bryman mentions interpretivism. Within interpretivism, scholars are critical of the positivist approach to the social world (Bryman, 2012, p. 28). Interpretivism can be divided into hermeneutics, phenomenology and hermeneutic- phenomenology (Bryman, 2012, p. 29). For this research the hermeneutic tradition is chosen. Hermeneutic practice "is concerned with the theory and method of the interpretation of human action" (Bryman, 2012, p.28). In hermeneutics, explaining and understanding human actions are taken into account and considered. On the one hand, human behavior can be explained which falls more into the positivist perspective. On the other hand, human behavior can be understood through social action.

In order to understand and interpret human behavior, the hermeneutic standpoint is used in this paper. Economic, social and cultural environment influences the understanding of ongoing processes. Therefore, while scrutinizing the different factors and analyzing the gathered data, the hermeneutic standpoint is used. Hermeneutics is considered to be a circular process. Since there is a constant back and forth weaving between theory, data and literature which are reviewed constantly, hermeneutics is the most fit for this research.

Methods of data collection

In order to get an understanding of the expectations from the parties at play, interviews and focus groups were held. Most of the interviews can be described as unstructured conversational interviews. The following section will describe the interviews that were conducted and the focus groups. Furthermore, a lunch session which will be evaluated. Most of the data was gathered through interviews since the research area is very specific, due to its identity as a case study obtaining direct information from the stakeholders as the most appropriate way to collect data.

Interviews

One semi- structured interview was held with a flexible interview guide and several unstructured interviews and conversations had no interview guides. As Bryman recalls it, a semi- structured interview "refers to a context in which the interviewer has a series of questions that are in general form of an interview schedule but is able to vary in sequence of questions" (Bryman, 2012, p.212). The interviews held at the beginning of the research were especially open because the interviewee knew more about the topic than the researcher, who still in the

knowledge acquisition stage. Therefore, it was important for the researcher to be able to be flexible in the interview guide and to react to what the interviewee was saying. This led to semi-structured interview so that the interviewee had enough space to answer freely with possibilities to include opinions and a sufficient framework of knowledge to assess the research question.

This research uses the iterative research process; the questions are partly based on theory. For the analysis of the data, grounded theory is used therefore during the process of data collection and analysis constantly intertwine.

The interview was held in the beginning of the research in February, at the precise beginning, in order to obtain insights into the problem, the demand and the expectations. The meetings were held at different points during the research program, from the beginning of February to the beginning of May 2016. Because the data was gathered at different points in time, the focus and interpretation of the data collection process changed slightly, due to the newly gained knowledge. This process is in line with the hermeneutic circle, in which there is a constant movement between the different parts of the gathered data in order to enhance the understanding of the data.

The interview with Jan- Jaap Wuite was recorded and transcribed and can be found in the appendix. Because the interviews focus on the conscious knowledge of the interviewee as opposed to the tacit knowledge, the interviews were transcribed conferring to standard grammatical rules with no emphasis on pauses or non- verbal communication. The language used during the interview was Dutch; transcriptions as well as translations are interpretations of the observed reality. Since constructionism is used, the researcher accepts this problem to be inescapable.

Jan- JaapWuite, chairman of VOC (Business club Veendam)

The interview with Jan- Jaap Wuite was a 30-minute personal interview with the chairman of the Business club of Veendam. At the time the interview was held, he was working as an accountant at Accon AVM in Veendam. In the four months of the research program, he quit his job and is currently starting his own accounting firm. In March, a new chairman of the VOC was inaugurated; it was, however, during the period that Jan- Jaap was chairman of the VOC that he beginning of the collaboration with Papenburg was set into motion.

Jan-Jaap was chosen as the initial interviewee because he represented the interests of the small-medium business in Veendam due to his function as the chairman of the VOC. It was expected that he could give insight into what prevents businesses from cross-border collaboration.

The VOC is a business club with members from almost all sectors of industry and business. At present, the VOC has 140 members and is still growing. The aim of the VOC is to provide a platform for its members in order to establish contacts between businesses and create a network in the region, the main focus being Veendam (<http://www.vocveendam.nl/home>).

Jan- Jaaps knowledge was of particular interest because he has been the chairman for three years, which gives him enough background knowledge of the expectations and demands businesses have and also the reason that withhold businesses from collaborating with Papenburg.

The purpose of this interview was to gain an understanding of the factor of demand which is in relation to the theory. It would be favorable to have more interviews that have been recorded and transcribed for the research. Furthermore, it would be preferable to address single businesses would and interviewing them would give us a more detailed answer as to why they want to collaborate or why not and what the demand is.

Interview questions

The interview was conducted in Dutch. The interview has been transcribed in Dutch; however, the questions have been translated to give and insight in the interview questions. The interview guide is based on the theoretical pre-understanding of the researcher. The following presents the interview guide.

	Question	Purpose
Demand condition	What does the function of chairman at the VOC entail?	Can he be considered as a representative for business in Veendam and thereby give an insight in the demand and expectations of the businesses
Factor conditon	Do you see possibillities for people to be employed cross-border since in Papenburg the unemployment rate is lower compared to Veendam?	Does the region have sufficient good human resources to be competitive?
Government/ Institution	What does the EDR do in the process of cross-border collaboration? What is the role of the VOC in collaboration between Veendam and Papenburg? Should the collaboration be more practical in its approach?	Is the EDR helping to facilitate cross-border collaboration? If yes how? Does the VOC want to facilitate collaboration? If yes how? What should be done by the institutions to make collaboration accessible?
Firm, Strategy & Structure, Rivalry condition	Do you consider Papenburg as a learning experience in the way that businesses can learn from each other? How do you get access to the business network of Papenburg and vice versa Veendam?	Can the collaboration be considered as knowledge exchange in order to make businesses more competitive and thriving? Business network access can be considered as knowledge access
Related supporting industry	What do you consider to be the economic gain of the collaboration between V&P?	Does he think that collaboration lead to more competitiveness on the market which is an advantage for businesses?

Unstructured and conversational interviews

Besides the semi- structured interview, most interviews were unstructured and conversational. Most of the interviews were not recorded but were noted through field notes. These interviews were held with the theory kept in mind when addressing certain topics because this is an iterative study. The method of data analysis in this research is grounded theory and coding. The codes helped to identify and understand what was important in the interviews and what needed to be addressed.

The interviews took place at different points in time due to the development of the research, new data and new input led to more questions that needed answers. These answers could be given by new data therefore the meetings were held at different points in time. Due to the time difference, the newly gathered data was analyzed and interpreted, and the data acquired in the beginning of the research was reinterpreted. The interpretation and reinterpretation reflects the hermeneutic circle, where one constantly moves between different parts of the data to increase the understanding of it.

Jos Kraan (economic conveyor municipality Veendam)

During the whole research, Jos Kraan was the supervisor at the municipality Veendam therefore many interviews were held at different points of time during the research. These interviews were unstructured and conversational because the interviews mostly entailed discussions. Furthermore he accompanied the researcher to most of the meetings due to his work connection with the people in the meeting and the interest in the collaboration. The aim of the interviews with Jos were mostly to reflect the gathered data and to get a second understanding of the data. The research has a constructivist view therefore by an interpretive understanding of action one can arrive at causal explanation. Furthermore the research uses the hermeneutic standpoint by which the gathered data as well as academic literature is constantly reviewed to generate new ideas and meanings that is why the data was discussed with Jos Kraan.

Bart Lammerink, employee of the municipality Veendam

During the research process several interviews were held with Bart Lammerink. Most of these interviews were unscheduled since he was situated in the office next door thereby if questions arrived the researcher could ask them straight away. The task field of Bart Lammerink include IGS (intensifying cross-border collaboration). In order to get an understanding of the ongoing

collaboration initiatives I had several interviews. The IGS concept is currently changing. When I started the research the approach towards cross-border collaboration was different than it is now and what it will be like in the future. Due to the changing character which Bart is the driving force behind, I held interviews with him at several points in time. The future of IGS was decided on during a focus group with Bart Lammerink & Andreas Metz (Controlling at the municipality of Papenburg). I will come back to the notion of focus group in the next section.

The purpose of these interviews was to get an insight into the development of IGS since this is one of the main cross-border initiatives as well as to deepen the understanding of the existing collaboration so far was.

The interviews were not recorded however due to email exchange, field notes and memos, I consider the interviews to be sufficiently captured.

Interview with Harold van Emst from the Enterprise Europe Network (EEN)

EEN is the largest information and consultancy network in Europe. Enterprise Europe Network helps small business in finding new business & technology partners in Europe and advise them on accessing EU Funding.

Harold van Emst was interviewed to get an understanding of the Enterprise Europe Network in the North of the Netherlands. The researcher wanted to know how successful EEN was in the North of the Netherlands and how specifically they help the businesses in finding a business partner in another country. Furthermore the approachability, thus the requirements for participating in EEN were an important asset to get to know. The knowledge gained through this interview were complemented by data from the EEN website. The most important information the researcher wanted to know is if the EEN network could help businesses in Veendam and Papenburg in order to enhance the competitiveness of the region thereby corresponding to the theory since the theory considers innovation as one of the key factors for competitiveness.

Paul Schipper, manager Nedmag (Company in Veendam)

Nedmag produces high-quality dead burned magnesium oxide (DBM), magnesium chloride, calcium chloride and magnesium hydroxide (<http://www.nedmag.com/company/profile>). It is a highly specialized company that operates on the global market. One of the biggest business

clients of Nedmag is situated in the south of Germany. Paul Schipper does sales with the company in Germany and could thereby give an understanding of businesses in Veendam that are already working across the border. The main aims of the interview included becoming familiar with the pitfalls when working with a company in Germany and determining what Dutch businesses have to pay attention to when they work with German companies. Paul Schipper brought insight into this through the regular business deals he conducts for Nedmag with German companies. What has to be accounted for is that deals that are made by Nedmag are highly funded contracts. Most small-to medium-sized businesses in Veendam will not start of that way. In this way, general pitfalls were addressed and can be taken into account for the collaboration between Veendam and Papenburg. By knowing these pitfalls, certain points that companies might need help with can be brought to light. This help can be generated facilitating companies in areas they might walk into problems. The meeting gave insight into the facilitation needs for companies that want to work cross-border. This was helpful in creating the facilitation scheme, thus the goal of this research.

Astrid Brouwer (cross-border marketing and communication specialist)

In order to get more insight into the pitfalls especially small businesses are making, Astrid Brouwer was interviewed. Astrid Brouwer is the owner of the company Aha- Erlebnis, which is a cross-border marketing and communications agency that helps Dutch entrepreneurs and organizations to be successful on the German market. The meeting mostly gave insight into the marketing towards German customers and to Dutch customers. It was helpful to understand the major differences in German and Dutch mindset in consumption however the interview did not give direct input for the collaboration itself. There was not a direct relation between the theory and the content of the meeting though it gave a general insight in cross-border marketing in Germany and the Netherlands.

Focus Groups

Due to the many stakeholders and in this research and the plethora of cross-border initiatives many focus groups were held with different stakeholders at the same time. According to Bryman focus group is “a form of group interview in which there are several participants in addition to the moderator. There is an emphasis on a particular fairly tightly defined topic” (Bryman, 2012, p. 712) in this case the collaboration between Veendam and Papenburg.

Basically a focus group is a method of interviewing that involves more than one interviewee. The main reason for choosing focus group as a way of interviewing people was to generate topics that the interviewer considered important in relation to the broader topic of cross-border collaboration. Furthermore, due to several attendees, the answers given by the respondents can be challenged and discussed which will lead to a more realistic account of what people think (Bryman, 2012, p. 503). The role of the researcher during the focus groups was to moderate it and give some incentives. This was done in order for the participants not to swift of and stay with the topic.

The setting of the focus group was unstructured. During the focus groups the theory was kept in mind when addressing certain topics because this is an iterative study. The method of data analysis in this research is grounded theory and coding. The codes helped to identify and understand what was important during the focus groups.

The focus groups took place at different points in time due to the development of the research, new data and new input led to more questions that needed answers. These answers could be given by new data therefore the meetings were held at different points in time. Due to the time difference the newly gathered data was analyzed and interpreted and the data acquired in the beginning of the research was reinterpreted. The interpretation and reinterpretation reflects the hermeneutic circle, where one constantly moves between different parts of the data to increase the understanding of it.

Most focus groups the researcher held were attended by Jos Kraan, as well. This led to a further analysis and discussion of the focus group afterwards. Thereby the gathered data was reviewed and understood better. The focus group was not recorded because some of the people the did not want it to be recorded however they were important stakeholders thus needed to be interviewed. Because of ethical reason I will not reveal who did not want the meeting to be recorded. The result was that no focus group was recorded. However of every focus group field notes were taken which can be found in the appendix. These field notes reflect the most relevant things said for this research. Due to reviewing every focus group with Jos Kraan the content will be less bias.

Carsten Röttgers (chairman of the Wirtschaftsforum Papenburg (business club)) & Jos Kraan

Carsten Röttgers pulls the collaboration on the side of the Wirtschaftsforum Papenburg. He would like for the people of the Wirtschaftsforum to get to know the people from the VOC. In

the meeting he stated that in the past the collaboration between German and Dutch businesses was one-dimensional. He explained himself by saying that the Dutch only want to get something and not give. The meeting with Carsten was important in order to find out what the businesses in Papenburg want and how he would like the collaboration to take place. The meeting with him added data for the factor of demand mostly.

Carsten Röttgers writes the weekly newsletter for the Wirtschaftsforum Papenburg. A request from the researcher was if he could ask companies that are interested in working with a company in Veendam to contact the researcher. The newsletter supplies a brought audience, however no business reacted to the inquiry. The fact that nobody reacted was an indication by itself and could thereby used for the factor of demand in the diamond theory.

Karel Groen (director Eems Dollart Regio (EDR)) & Jos Kraan

The researcher had a meeting with Karel Groen together with Jos Kraan. The aim of this meeting was to get first hand insights in how the EDR facilitates cross-border collaboration. Furthermore the researcher wanted to know what the future plans of the EDR were and what Karel Groen as a representative of the EDR thought of the collaboration between Veendam and Papenburg. Karel Groen was able to give a lot of insight into the approach and goals of the EDR. He stated that the EDR was willing to help with the cross-border collaboration by for example giving a presentation.

The meeting was useful because it gave the researcher an understanding of the EDR's approach to cross-border collaboration which could give a direction for the collaboration between Veendam and Papenburg.

Heinz Walker (economic conveyor of Papenburg) & Jos Kraan

In the beginning of the research the aim was to get all the stakeholders to agree with the research and to help support the research with data. One of the first meeting was with Heinz Walker the German counterpart to the researcher's supervisor Jos Kraan. The meeting did not generate any data for the research though it gave the affirmation of the municipality of Papenburg to the research.

Wietse Boelmans (accountant at de Jong & Laan Veendam) & Jos Kraan

Wietse Boelmans approached the researcher during a lunch session with the members of the VOC. The lunch session will be explained later on in more detail. A meeting was planned with him, Jos Kraan and the researcher. Wietse wanted to be involved in the collaboration by organizing an information setting on how a business needs to administratively approach collaboration with a company in Germany. This meeting was held because of the importance of a pragmatic approach to collaboration which was indicated as important by the Carsten Röttgers and Jan- Jaap Wuite. Though the meeting did not give direct information on what companies need to do, it showed the importance of the administrative part in collaboration. This is important for the collaboration scheme that will be presented later.

Lunch session with members of the VOC

In this lunch session, I received the opportunity to introduce myself to the members of the VOC and to give a short presentation about my research topic, asking the members if they have any aspirations to collaborate with a company in Papenburg or Germany. In general, any contact they could make with me or with the chairman of the VOC was welcome. Out of the 50 people that were present at the lunch, two people approached me with interest in the collaboration.

The lunch session gave an idea about the demand of businesses for collaboration. Since only two people reacted, it might be the case that businesses do not seek collaboration or that the right framework for collaboration is not provided. The little response also gave an insight for the chosen factors of the theory, such as demand conditions, chance, and government.

Data Analysis

This paper employs the epistemological position of hermeneutics. The analysis will be done on the basis of an iterative research approach and the on the epistemological position of hermeneutics. This means that while the data was gathered and during the analysis there was an ongoing back and forth process.

Grounded Theory

Essentially grounded theory is an attempt to create a theory from the analysis of the different data that has been gathered and systematically analyzed (Babbie, 2010, p. 307). Two common features of grounded theory are, generation of theory based on the gathered data and an iterative approach (Bryman, 2012, p.387). For this research an iterative research approach is chosen, thereby grounded theory fits into the chosen research design. The result of using grounded theory is the generation of eventually new theories. Since the result of the paper should be a framework for cross-border collaboration between Veendam and Papenburg grounded theory is the chosen analysis form.

Below a table show the outline for the analysis according to Bryman (2012, p. 571).

Process	Outcome
1. Research question	
2.Theoretical sampling	
3. Collecting data	
4. Coding	Concepts
5. Constant comparison	Categories
6. Saturate categories	
7. Explore relationship between categories	Hypotheses
8. Theoretical sampling	
9. Collect data	
10. Saturate categories	
11. Test hypothesis	Substantive theory
12. Collection and analysis of data in other settings	Formal theory

(Bryman 2012, p.571)

This research is just the beginning of the creation of a new theory. In order to create a new framework, grounded theory is demanded, but, due to the restrictions of this paper, further research to substantiate the outcome is recommended.

Method: Coding

"Coding is the process of transforming raw data into standardized form" (Babbie, 2010, p.338). Coding is used as an analysis method. This fits the choice of grounded theory furthermore systematic coding is important for validity and reliability in the data analysis (Babbie, 2010, p.308). Written, oral and other data are given labels, during the research these labels and categories are constantly revised according to new data. Codes and labels are chosen to give a better understanding and interpretation of the data; therefore, the labels need to be in close relation to the data.

There are different types of coding; below, an overview of the types of coding are given, along with the developed codes for this research.

	Description	Developed codes
Open Coding	<ul style="list-style-type: none">• "the process of breaking down, examining, comparing, conceptualizing data" (Corbin, Strauss, 1990, p. 61)	<ul style="list-style-type: none">• demand for cross-border collaboration (businesses, business clubs and local government in Veendam & Papenburg)• expectations towards collaboration of the before mentioned parties• core businesses/ core industries• stimulating factors• facilitating factors• cross-border initiatives• government influence• economic benefit
Axial Coding	<ul style="list-style-type: none">• "a set of procedures whereby data are put back together in new ways after open coding,	<ul style="list-style-type: none">• expectations• demand• facilitation factors

	by making connections between categories (Corbin, Strauss, 1990, p. 96)	
Selective Coding	<ul style="list-style-type: none"> "the procedure of selecting the core category, systematically relating it to other categories that need further refinement and development" (Corbin, Strauss, 1990, p.116) 	<ul style="list-style-type: none"> how can the demand of businesses be facilitated

The three coding types display different levels of coding. The codes differ in how elaborate they are. Since the ontological position of constructivism is used, it can be assumed that the data gathered was from sense-making subjects. Therefore, for the coding a commonsense interpretation of the gathered data is used in order to develop the codes; from there on, the researcher moves progressively towards a more detailed coding. The chosen theory helped with the indication of the codes. The codes thereby are arrived up on inductively as well as drawn by the theory.

Concepts

The analysis is based on the diamond theory. The diamond theory uses four indigenous and two exogenous factors. The theory originally targets inter-national relations. In order for the theory to be used, it needs to be translated to the regional level and the factors need to be explained on a regional level. In the theory section, the factors were explained as to how Porter used them. In the section below, how the factors are used in this research will be explained. The aim is to make the region more competitive by collaborating.

The first four factors are the interrelated factors.

Firm Strategy, Structure and Rivalry

Competition pushes innovation and productivity. By creating a bigger market, the competition will automatically grow.

In order to find out if there is innovation going on in the region, different initiatives supported from the EU that foster innovation will be scrutinized. Since the EU subsidizes many programs that aim for innovation, technical development and sustainable development, one could expect firms to take the chance and invest in innovation. If one company makes use of this, others will follow through because innovation competitive advantage is gained.

Furthermore, by creating a bigger market and collaboration, there will be more knowledge exchange. Companies can learn from each other, which will lead to an advantage of regional players over players outside of the region.

Demand conditions

Demand conditions means that demand in the home country can pressure firms for innovation, especially when these demands are specialized because the greater the higher the demand, the greater the pressure for firms to innovate. This reflects back on the first factor with the emphasis on innovation. Translating the factor demand condition to cross-border collaboration. Demand can be interpreted in two ways. On the one hand the demand for cross-border collaboration. This factor was addressed through the data collection via the interview and meetings. On the other hand, demand can be interpreted as the demand by clients of the businesses, because that leads to innovation. If businesses collaborate, they create a bigger market through therefore it can be assumed that the demand increases which leads to more innovation and competitiveness as described by the Diamond Model. Since it can be assumed that cross-border collaboration will lead to innovation and innovation the demand factor is considered as the demand to collaborate cross-border. The demand to collaborate cross-border translates back to competitiveness.

Related Supporting Industries

Related supporting industries focus on the proximity of industries because it facilitates exchange of information and fosters an exchange of ideas and innovations. This means that companies can stimulate each other to innovate. The collaboration increases the market. The market increase will lead to more proximity of industries even though the industries have been close to each other before due to the collaboration they are more visible to each other. This would mean that if the collaboration is intensified that the related supporting industry factor

would be generated. The focus will be on the major industries. They will be compared to each other in the Veendam and Papenburg project.

Factor Conditions

Factor condition addresses human resources, physical resources, knowledge resources, capital resources and infrastructure as well as specialized resources, specific for an industry and important for competitiveness since specific resources can compensate factor disadvantage.

The factor condition will be applied and measured through the unemployment rate. The unemployment rate of both Veendam and Papenburg are examined. Since the Papenburg, unemployment rate could not be found, the unemployment rate of the bigger region, Emsland, will be used. Regarding worker initiatives for the unemployed workers on one side of the border to work on the other side of the border has been taken up by an initiative to foster cross-border employment. The data given by this initiative will be analyzed and reviewed for this factor. If the cross-border collaboration leads to more employment this would foster competitiveness of the region in different ways. On the one hand, companies get the special human resources they ask for, and on the other hand, there is more money to spend, which will probably be spent in Veendam or Papenburg, thereby fostering the economy.

The next two factors are the exogenous factors.

Government

The exogenous factor of government has an influence on all the above factors with government intervention and tax measures as well as innovation subsidies. The government can be seen as "catalyst and challenger; it is to encourage or even push companies to raise their aspirations and to be more competitive" (Porter, 1990) thereby a driver for competitive advantage.

Government has a lot of influence on the collaboration between Veendam and Papenburg. The collaboration scheme that is created will be introduced by the municipality of Veendam since it is the instigator of the collaboration. Furthermore the initiatives financed by the European Union such as Enterprise Europe Network as well as the Eems Dollart Regio also account for government influence and the IGS project. These will be measured through its success in the region and its influence on Veendam and Papenburg. In order to find this out meetings were held with representatives of the different initiatives.

Chance

Chance addresses a situation that can occur that the firms have no influence on which will help some firms but can bring disadvantage to other. The factor chance will not be taken into account since it is a factor that is not of influence in the case of Veendam and Papenburg because the factor of chance in the region is highly unlikely since the region is not very big. Chance could be of influence if external factors would be accounted for however this is not done in this research.

Reliability and Validity

Within social research validity and reliability have to be addressed. Even though the concepts of validity and reliability derive from quantitative studies and are mainly concerned with measurements, they provide social research with an understanding of precision and accuracy of the research in order to avoid arbitrary and bias.

Reliability

“Reliability is concerned with the question of whether the results of the study are repeatable” (Bryman, 2012, p. 46). Reliability of measurement is in general an issue in social research. The question of reliability is a difficult one within a field that is constantly changing. In this research the researcher tries to find the best way to collaborate in order for businesses to work together in a cross-border dimension. Initiatives are constantly changing, the best example is the IGZ project which used to be 14 municipalities working together however now they want to change to a direct collaboration between Veendam and Papenburg. This shows that the situation changes constantly within the field of cross-border collaboration. Thus, if this research would be repeated in a couple of years, the outcome might be different because the external factors change. This can best be explained by looking at funds given by the EU. Currently the EU is spending a lot of money on European Regional Development. These funds mostly go to Member States which have a GDP lower than 90% of the EU average however there is also much that goes into other regions. Since the European Union is constantly changing with and upcoming referendum in the United Kingdom about the exit of the EU, it is hard to tell what influence this will have on funds. This means that even though there might be lots of current cross-border initiatives stimulating collaboration, we do not know if this will be the same for

the future. One cannot say that this research is repeatable, however with the same settings it probably would be. Due to the fact that this research is using a constructionism approach, reliability is questionable. The study may not be repeatable, as it is time and context dependent. The situation changes, as Le Compte and Goetz (1982) argue that it is impossible to 'freeze' social settings which would make qualitative studies replicable in their traditional sense (as cited in Bryman, 2012, p. 390). This idea is external reliability.

Internal reliability refers to a team of researchers and if they agree on what they see. Since I conducted this research by myself one would assume that this would not be an issue however because I was supervised at the municipality of Veendam by Jos Kraan one can argue that this could be a team. Because Jos was my supervisor, I was in close dialogue with him and was able to constantly discuss and reassess the concepts used and the data gathered through meetings which he mostly attended as well and interviews. The regular consultation and discussion were done to maximize internal reliability.

Furthermore for this research I use a case study. Critics of the case study method believe that the study of a small number of cases can offer no grounds for establishing reliability or generality of findings.² However in this instance through a case study a framework is created by using and basically testing the theory of Michael Porter in a regional setting. This case needs to lead to further testing and research.

Validity

Validity is concerned with the “integrity of the conclusions that are generated from a piece of research.” (Bryman, 2012, p.717). This means that the research is valid if applied theories can answer the research question. "Validity refers to the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration" (Babbie, 2010, p.153). In quantitative research something is valid if "You are observing, identifying or 'measuring' what you say you are"(Mason, 1990, p.24 as cited in Bryman, 2012, p.390). Validity is viewed to be the most important criterion in research because the research cannot be reliable without being valid.

There are several validity indicators, LeCompte and Goetz (1986) use internal and external for qualitative studies. Internal validity displays if there is a connection between the observations

² <https://www.ischool.utexas.edu/~ssoy/usesusers/l391d1b.htm>

and the theoretical ideas that the researchers have developed (Bryman, 2012, p.390). External validity on the other hand refers to generalization, so to what extent findings can be generalized across social settings (Bryman, 2012, p. 390). The problem of external validity within social research is that usually small samples are used and mostly case studies are done according to LeCompte and Goetz.

The research can be considered valid because the researcher was in constant dialogue with the supervisor at the municipality of Veendam, Jos Kraan, about the concepts and observed phenomena. Furthermore the data has been analyzed according to the epistemological and ontological standpoint of the paper.

Project Limitations

Conducting meetings instead of interviews is a limitation to the research because I only wrote down what I considered important. Furthermore these meetings were all attended by Jos as well therefore he influenced the outcome of the meetings, which can lead to a bias. However since this research is conducted with a constructionism approach we can assume that

Next time the interviews should all be recorded

"Critics of the case study method believe that the study of a small number of cases can offer no grounds for establishing reliability or generality of findings. Others feel that the intense exposure to study of the case biases the findings. Some dismiss case study research as useful only as an exploratory tool. Yet researchers continue to use the case study research method with success in carefully planned and crafted studies of real-life situations, issues, and problems. Reports on case studies from many disciplines are widely available in the literature."³

³ <https://www.ischool.utexas.edu/~ssoy/usesusers/l391d1b.htm>

Analysis

In the analysis part the factors of the Diamond Models will be analyzed throughout the answers to the sub-questions.

What is the demand for cross border collaboration from businesses as well as business clubs in Veendam and Papenburg and the local government?

The question will be answered by looking at the stakeholder demand. Furthermore the general demand for cross-border collaboration is considered by looking at the existing cross-border initiatives. The effect these initiatives have on the collaboration between Veendam and Papenburg

Demand business clubs

The reason this research was conducted was that there was a demand for cross-border collaboration between Veendam and Papenburg from the business clubs. The business clubs wanted to push the collaboration therefore the researcher was asked to find a suitable form of collaboration. Carsten Röttger, the chairman of the Wirtschaftsforum Papenburg, indicated the demand for the collaboration and the factors that were important to him in the interview. In the past Germans considered the collaboration to be one sided according to Röttgers. The Dutch people only want to get something out of it but not give (Appendix B). He would like to change the perception and create an equal collaboration. Frankly there is no evidence that supports the statement made by Röttgers. It seems to reflect the opinion of the businesses and it can be considered honorable that he wants to change the perception of the German businesses however it is questionable if that is a good foundation for collaboration. Businesses collaborate with other businesses to get something out of the collaboration, usually economic gain, therefore the demand by Röttgers might not be in the interest of the businesses he is representing. Approaching the collaboration from a competitive advantage perspective as reflected by the Diamond Model, other factors such as innovation, specialization and a bigger market are more important for the collaboration demand. Thus the demand by Röttgers might not reflect the general interest from the businesses in Papenburg.

Jan-JaapWuite (former chairman of the business club Veendam) is enthusiastic about the collaboration between Veendam and Papenburg though in his interview he indicated that other board members are less enthusiastic. At the time the interview was held Jan- Jaap was still chairman. At the end of the research period a new chairman was chosen. The new chairman is Frank Omta. This change in chairman could lead to less support towards the collaboration from the business club. It was already know that the board did not have a conform stance on the collaboration (Appendix C), with the change it cannot be said for sure what the demand is from the business club. Though, since Jos Kraan is also board member of the business club Veendam, he will probably drive the collaboration. Jan- Jaap indicated that it would be good if businesses could get into contact cross-border to get business advantages. He approaches it more from an economical perspective as opposed to Röttgers. As argued before businesses want to benefit economically, therefore approaching the collaboration from that angle is more realistic since he is representing businesses in Veendam.

Concluding both the chairman of the business club Veendam and Papenburg indicated the demand for collaboration on the administrative level. The focus of the collaboration should be direct, simple and pragmatic. Relating this to the factors in the Diamond Model, the demand from the business clubs is given though Wuite views the collaboration more from a competitive advantage point. The collaboration is supposed to build on economic gain and competitive advantage the demand factor from the business clubs is given though from different demand perspectives.

Demand businesses

The businesses themselves are reserved towards the collaboration. During the lunch meeting, most members of the VOC present, the researcher got two responses after asking if business were interested in collaborating with Papenburg. The people that had interest were Astrid Brouwer due to her background in cross-border marketing, she assumed she could be an asset for the research, however she was not interested in the cross-border collaboration since she was already involved in other cross-border activities and Wietse Boelmans, accountant at 'de Jong en Laan'. Wietse Boelmans thereby was the only relevant interest from the businesses in Veendam. In Papenburg the businesses were approached per newsletter. The newsletter aimed at stimulating the mobilization of businesses to contact the researcher (Appendix C). No reaction followed, therefore it can be assumed that businesses are not interested. When the researcher approached Röttger to ask if an accountant in Papenburg had interest in working cross-border, he sent the request to the members of the Wirtschaftsforum. Within two days an

accountant was enthusiastic towards working together with an accountant in Veendam. The reactions from businesses in Veendam and Papenburg were basically non-existing. The conclusion that could be drawn from this is that they do not want to collaborate cross-border but that would be blunt. In order to understand create a competitive advantage through collaboration we need to understand why businesses are reserved towards the collaboration.

One of the reasons for companies to restrain from cross-border collaboration is the fact that the border is still considered a barrier even though mostly a psychological barrier (Brakman, S., et al, 2010). This can be described as people having their backs to the border and looking into their own country, thereby not seeing what is right behind their backs. The border is considered a barrier which has a negative effect on the competitiveness of the cross-border region. This can be explained by the factor of related supporting industries from the Diamond Model. Proximity of industries facilitates exchange of information and fosters an exchange of ideas and innovations. Therefore in order for businesses to create a competitive advantage working cross-border is beneficial.

The lack of interest by the businesses on the one side can be explained because it is a psychological barrier, however doing business across border means working with a different language and a different culture. Thus the businesses have to put more energy into the collaboration. In order for this to pay off the value that is added to the business through cross-border collaboration has to exceed the costs and energy put into it. Jos Kraan referred to this phenomenon with a Dutch saying: unknown makes unloved. If people do not know about the possibilities it is difficult to make them enthusiastic.

SME's need guidance and coaching with international contacts, especially during the first steps across the border (Bonenschanker & Hospers, 2013, p. 27). Companies run into questions concerning for example what should the language of the contract be and what legal entity are they coming across. The SME's need a platform to ask these questions. Coaching and guidance is more than just a reference to a website with information on it (Bonenschanker & Hospers, 2013, p. 27). SME's need to know the importance of good preparation and adaptation to different culture of entrepreneurship. The coaching and guiding role can be accounted partly by the local government and initiatives such as EEN, EDR and EDBF but also commercial advisors such as an accountant or a lawyer.

As displayed in the theoretical framework, there is a link between the different factors that are important for competitive advantage. It shows that, every factor influences each other so does

the exogenous factor of government. Government has an important role in creating competitive advantage for companies through for example beneficial measures. The local government of Veendam and Papenburg as well as the initiatives can help in the collaboration through creating a platform and coaching thereby creating competitive advantage for the region. From the theoretical point of view of the Diamond Model, government support is beneficial for the collaboration since it creates competitive advantage. Translated to the situation of Veendam and Papenburg this could coaching, guiding, setting up network events and other forms of assistance

Demand government

Not only on the business side collaboration might be reinforced. The IGS is an example of the government demand for collaboration. The municipalities of Veendam and Papenburg try to work together on a project that will be set up in the near future. With the change of the IGS project from 14 participating municipalities to a direct collaboration one can see cooperation on different levels and between different stakeholders. The example of IGS shows that collaboration should be small scale. When there were still 14 municipalities involved, projects did not really take off (Appendix G). The reason for this is the size of IGS and because the projects were too vague according to Bart (appendix). The conclusion that can be drawn from this is that the local governments still want to work together. The government collaboration could reflect on the businesses since the projects that will be created will involve local businesses and create a bigger market due to marketing in both municipalities (Appendix G). Furthermore, looking at the factor demand of the Diamond Model and relating it to IGS, one can conclude that collaboration needs to be specific and demand driven. This will lead to competitive advantage because there is a direct link and a concrete collaboration.

Another local government player is Jos Kraan the economic conveyor of the municipality Veendam. He was the initiator of the collaboration from the municipal side which shows the support from the economic department. This could also be linked to him being a member of the board of the business club Veendam thereby his interest might also derive from his other position. In general it can be stated that economic conveyors want to foster the local economy, thereby if correlation could lead to a competitive advantage this will be favored.

Heinz Walker the economic conveyor of Papenburg, was less enthusiastic about the research though this changed once he found out that it did not entail an economic burden for Papenburg.

Heinz Walker will start working in a different function on June first. He will be replaced by Sabine Wendt. Since she has not been in office while this research was taken place, her stance on the collaboration is not known. Jos Kraan assured in the interviews that the mayor of Papenburg Jan Peter Bechtluft and mayor of Veendam, Sipke Swierstra are both very supportive of the collaboration, which does not mean that there is a direct demand though.

In general the local government supports the cross-border collaboration with some reservation of Heinz Walker. Since Jos Kraan is focused on the economic position of Veendam and is also part of the board of the business club of Veendam the economic demand for Veendam to collaborate was more visible in his interviews. There can be several reasons for Papenburg represented by Heinz Walker to be less enthusiastic. He might not see the economic advantages the collaboration could provide, furthermore since he is switching positions he might not be as interested in the collaboration. The most important reason though is that the businessclub of Papenburg and the local government have no direct link as opposed to Veendam with Jos Kraan. Since the business clubs initiated the collaboration, the local government feels less drive to get involved because they might consider it as non- government issues and more company issues. However as displayed in the Diamond Model government has an influence on economic relations it is important that the government is supporting the collaboration. This would mean that the local government of Papenburg needs to get involved more and support the collaboration because it leads to a competitive advantage.

Based on the data, collaboration should be concrete and demand driven. Since the collaboration is just starting most businesses do not know the possibilities on the other side of the border. Jos Kraan referred to this phenomenon with a Dutch saying: unknown makes unloved. If people do not know about the possibilities it is difficult to make them enthusiastic. Thus, as the example of the IGS showed, the collaboration has to be pragmatic, direct and branch driven. Within clusters of industry businesses cope with the same problems and demand leading to a high level of recognition which can result in collaboration. In order to find businesses there needs to be a specific matter (Boneschansker, E., & Hospers).

Furthermore the theory displayed the interconnectedness between the different factors that influence competitive advantage. This means that government has a big influence on how competitive a region is and can be. The local governments seem to not fully realize their influence on the collaboration and thereby the competitive advantage they could create for the region since especially the local government of Papenburg is not putting as much effort compared to Veendam.

Initiatives

Specified in the theory section the region is characterized by a plethora of cross-border initiatives such as the EDR, EDBF, ISG and EEN. The EU is investing money in the cross-border region. The initiatives referred to are financed by the EU cohesion policy.⁴ The function of these differs. The EDR is the umbrella regional subsidy coordinator and driver behind most of the collaborations. The EDBF and ISG is partly subsidized by the EDR. EEN is mostly subsidized directly by the fund of the cohesion policy.

EEN is focused on business to business matchmaking between a company in e.g. the Netherlands and a company in another country. The criteria for participating in the Enterprise Europe Network are focused mainly on innovativeness. This reflects the Diamond Model in which innovation was one of the key elements for being competitive and staying competitive. So far two companies have made use of EEN North- Netherlands both not situated in Veendam (Appendix D). The low participation rate could be attributed to the novelty of the network. Furthermore EEN focuses on a bigger area of matchmaking. A company situated in Veendam that fulfills all the participation criteria can be matched to a company in all parts of Europe thereby leading to innovation for the company in Veendam however this does not influence the collaboration with Papenburg unless a similar company in Papenburg gets involved as well. In general EEN stimulates competitiveness though not specifically regional competitiveness. The collaboration between Veendam and Papenburg thus is not effected directly.

EDBF (EemsDollart Business Forum) was supposed to help businesses with the administrative issues and connecting businesses concerning cross-border collaborations by giving presentations and organizing network events. In the interview with Jan- Jaap as well as Carsten and Bart dysfunctionality of the current initiatives was brought up. EDBF as well as IGS were too big. The same people attended the thematic information sessions of the EDBF, every time thus no new network input. Furthermore the stretch of the EDBF was too big (Appendix B). Functionality is achieved by being specific and regional.

As indicated by Wuite and Röttgers, company visits are in the interest of the businesses (Appendix A & B). Company visits are a good tool to start cross-border contact. Furthermore they are suitable for specific information exchange per industry (Bonenschanker & Hospers, 2013, p. 27). This will be addressed in more detail further on in the analysis.

⁴ http://ec.europa.eu/regional_policy/en/faq/#2

All in all there is a demand for collaboration. The different parties see the competitive advantages the collaboration would entail. The stakeholders have an idea of how they would like the collaboration to be realized though besides networking events they do not have a specific idea of how the collaboration could be translated into a practical scheme.

How do Veendam and Papenburg reinforce each other?

One of the factors in the Diamond Model is, related supporting industries. Examining this factor I look at how Veendam and Papenburg reinforce each other.

The economic structure is similar on both sides of the border with agriculture, industry and construction at the core and little service economy (Bonenschansker & Hospers, 2013, p. 19). Not only are the spatial and economic structure on both sides of the border similar, but they share cultural similarities and structural problems. One problem is the ageing population, which affects the economy in the region because of the shortage in manpower and particularly skilled workers. Both regions recognize a decline in population and economic arrears. However, the unemployment rates in both cities differ, which is the focus in the next sub-question section.

In general, the economy is moving towards a knowledge-based economy (Bonenschansker & Hospers, 2013, p. 19). The basic idea is that competition is increasingly based on knowledge, creativity, and innovation. Moreover, technological development goes fast. In order for companies to remain competitive innovation is vital. Although the degree of international competition and the pace of innovation differs per sector, every sector has to cope with it. German and Dutch entrepreneurs need to make use of sector relevant knowledge on both sides of the border since innovation is the best way to have a competitive advantage. If Veendam and Papenburg would create a functioning collaboration, this would lead to more competition. Competition pushes innovation and productivity, thus creating competitive advantages, as reflected in the factor, firm strategy, structure and rivalry of the Diamond Model.

Because the collaboration is cross-border, proximity is an important element. The advantages of business proximity are short travel times and low transport costs. Veendam and Papenburg reinforce each other due to the proximity. The factor related supporting industries of the Diamond Model reflects proximity of industries as a way of facilitating exchange of information, ideas and innovations. Thus by the proximity companies can stimulate each other

to innovate. Since Veendam only lie approximately 50 kilometres from each other the proximity is leading to a competitive advantage due to proximity of related supporting industries.

Prosperity is created not inherited is one of the key statements of the competitive advantage theory (Porter, 1990). This means the scope to which an industry can innovate and upgrade influences competitiveness. There are many ways Veendam and Papenburg reinforce each other and as shown later also many ways they differ. By collaborating the stakeholders presume that prosperity is created since it entails working on future possibilities. Prosperity is created by creating competitive advantage. As the Diamond Model displayed innovation is key. Through collaboration which is pushed by stakeholders on both sides it can be assumed that innovation will foster due to knowledge sharing and a bigger market thus more competition. In order to bloom on a competitive market and get the demand side interested a company has to stand out which is done by innovation. Thus prosperity is created, it is in companies own hands to stay competitive which through collaboration is fostered.

What are the major economic differences between Veendam and Papenburg?

The Meyer Werft is the core business for Papenburg, with 3.300 employees big cruise ships are constructed. Many suppliers within Papenburg and the region depend on the Meyer Werft because it is a big client. Tourists visit Papenburg just to have a tour around the Meyer Werft, which is facilitated by a bus route from the center of Papenburg to the Meyer Werft which is five kilometers outside of the city center. Most of Papenburg's economy thus encircles around one big company. Economically this can be very risky due to the high dependence. If the Meyer Werft would face economic despair, the whole economy of Papenburg would suffer.

Veendam on the other hand does not have a comparable big company to the Meyer Werft. However it has multiple semi- big companies such as Nedmag, Oldenburger Frittom and Kisuma (Appendix H). The economy of Veendam does not encircle a single business. This means that if one company is going into recession the impact on the economy of Veendam will be smaller. Thus the economic risk Veendam is facing is smaller as opposed to the risk Papenburg is facing if one of the big economic players goes into recession. Through collaboration the risk of the companies in Papenburg would lower because they can spread the risk.

Examining the different economies, it appears that Papenburg has one big economic player with the Meyer Werft and Veendam has several medium sized economic players. Since Papenburg has the bigger company it would be expected that Veendam is more interested in collaboration than Papenburg, due to its better market position. On the opposite to one big player Veendam has a broader economy with a more variety of semi- big economic players. This can be interesting for the other companies besides the Meyer Werft because the opportunity for collaboration is bigger since basically there is more to choose from. Thereby even though the economies display differences in composition both have its advantage which should translate into a beneficial collaboration for both parties. Since big companies such as the Meyer Werft get many offers from potential suppliers, it is important for the suppliers to stay competitive. As displayed in the Diamond Model innovation is one of the key factors for competitiveness. This would mean that the Meyer Werft would foster innovation since the suppliers are in competition with each other and competition leads to innovation thus a competitive advantage.

Another difference is that SME's are usually a bit bigger in Germany. Especially more in the margin of 10-50 employees. (Bonenschansker& Hospers, 2013, p. 15) Furthermore Papenburg is characterized by more family businesses. These businesses are more focused on continuity and trust, and thereby collaborate in a fixed network of suppliers (Bonenschansker& Hospers, 2013, p. 15). For Dutch businesses it is harder to get in because most businesses have a fixed set of suppliers however once you are in the network of suppliers it is a stable business collaboration because the German businesses focus on continuity.

The unemployment rates of Papenburg and Veendam display a big difference. The bigger region of Papenburg is the Emsland this region has an unemployment rate of 3,1 % (Bonenschansker& Hospers, 2013, p. 15). Due to big family owned businesses such as the Meyer Werft in Papenburg which by itself employs 3.300 people not including the work they create for suppliers, the unemployment rate is fairly low. Veendam on the other hand had a much higher unemployment rate of 8.4% in 2015.⁵ The factor condition of the Diamond Model, emphasizes the importance of human resources in order to stay competitive. Veendam has human resources to offer which would benefit both Veendam and Papenburg. However as mentioned before both sides have a shortage in specialized workforce. This means that the jobs that are open cannot always be filled due to a lack of specialized workforce. The factor condition

⁵ <http://www.rtlnieuws.nl/buurtfacts/geld/werkloosheid/groningen/veendam>

is lacking in Veendam and Papenburg thus reducing the competitive advantage since companies cannot innovate as quick as they might want due to a lack of specialized workforce.

Realistically, Veendam and Papenburg are not very large, so not all clusters of industry will be present on both sides. Proximity can be advantageous for businesses, though there will always be clusters of industries that lie further than Papenburg or Veendam. Businesses should not limit themselves to Papenburg or Veendam. If there are no companies to do business with, businesses have to look at the more major regions. The collaboration can also be considered to be a steppingstone for further business in Germany as well as in the Netherlands. The factor of related supporting industries might apply for some companies and create a competitive advantage, albeit not all industries have a related supporting industry nearby.

One of the major differences between Papenburg and Veendam is the language. For the Dutch side, this can be a big barrier since activities and collaboration always has German as the working language. Working in a different language can be difficult and lead to misunderstandings especially when people are getting to know each other. Therefore, a solid base of trust and understanding is important for collaboration in order for the businesses to collaborate. Trust needs to be built and can be built by social interaction. Therefore, a way to lower the barrier between businesses in Papenburg and Veendam would be to have network events where people can get to know each other. By meeting in a social setting, the companies can build trust. For collaboration with a German company in particular, there has to be a solid base: to reiterate, continuity and a stable network of suppliers is very important in the German business culture. For a German company to collaborate with a company in Veendam, a good foundation for collaboration is needed. It is also the same for the Dutch companies when the language is a barrier. To overcome this barrier and be more confident in the interaction, trust needs to be built.

Businesses need to get to know each other. According to Röttgers this can best be done through networking in order to get to know the possibilities that are across the border. If a company can do business with a company that is 50 kilometers from the home base of the company however in another country than why look in the same country but further away (appendix). If the price and the quality is right companies will choose Veendam over other businesses in Germany that are further away. In general there is a lack of knowledge of the possibilities across the border. Röttgers makes a legitimate point in saying that if the price and quality is good, German companies will start working cross-border. However as mentioned before German businesses are characterized by strong network ties and loyalty towards their suppliers (Bonenschansker

& Hospers, 2013, p. 15), thereby it the German companies might be reserved. Realistically, if the economic advantage will be high enough, it can be assumed that they will seek for the lowest costs in order to gain competitive advantage.

The spoken language is not only an issue at the beginning of the collaboration. Throughout the whole collaboration, language-related challenges present itself. When a Dutch and German company want to set up a contract, the decision must be made as to in which language the contract will be created. In order for the businesses to refer to the contract for legal or financial reasons or when disagreements come up, the language must be acceptable to both parties, especially since translating a contract could lead to translation and interpretation errors. As stated before, the collaboration language is usually German, so quite often, the language of the contract will be German. In order for this process of setting up a contract to run smoothly, legal help is necessary. A law firm from Papenburg and a law firm from Veendam could collaborate; if companies have questions and need help in cross-border legal matters, it is not a matter of distance or unfamiliarity with the territory that they can ask the German or the Dutch firm.

In general, the administration for German firms is different as opposed to the administration for Dutch firms. It is important to know the different legal entities on each side of the border. Since much energy is expended by businesses during collaboration, the best idea is to involve an accountant who specializes in cross-border company issues.

All in all, many different factors influence competitive success, such as values, culture, economic structure, institutions and history. Industries flourish because their environment has prospective, is dynamic and challenging according to Porters Model (Moon, 2000, p.63). With the given differences between Veendam and Papenburg on the one hand it can be argued that cross-border collaboration is not beneficial. The extra energy and costs that go into collaboration because of the different cultures and values on either side of the border might be considered not worth collaborating. Though these differences can also be seen as ways to strengthen each other, which in the long run can foster competitiveness. The competitive advantages Veendam and Papenburg have can be related to their differences because it makes them unique. Arguably by creating a bigger network through collaboration the unique competitive advantages of each municipality will enhance. Looking at the different factors of the Diamond Model such as demand & factor conditions, firm strategy, structure and rivalry, it needs to be stressed that differences are great ways to be more competitive because Veendam and Papenburg can complement each other and use each other's advantages. Thereby it can be

argued that collaboration between Veendam and Papenburg would create a competitive advantage.

Conclusion

Many factors influence collaboration. In the meetings and interviews, it became clear that the businesses clubs wanted to expand their networks with the aim of economic growth. The Diamond Model was the chosen theory. After looking at the different factors, some conclusions towards the collaboration can be drawn and the following research question can be answered:

How can cross-border collaboration be facilitated between small and medium- sized enterprises between Veendam and Papenburg.

The cross-border collaboration between Veendam and Papenburg has a competitive advantage for its goal, with SME's at its core. This should lead to more revenue, value added activity and work in both municipalities.

At the base of the collaboration should be the added value for both parties involved. The added value can have different aspects, such as the efficiency of production, more knowledge and innovation, or a market niche due to the factor of related supporting industries. The collaboration would create a larger market, thus more supporting industries and further innovations and competitive advantages. Important for a SME is that investing in collaboration always has to result in added value; it should yield business. Due to the support from different stakeholders, such as the local government, a competitive advantage will be more easily achieved.

Furthermore, SME's must connect as much as possible with the network on either the German or the Dutch side of the border. It is important for SME's to learn from each other's knowledge, experience and innovation that are existing on both sides of the border. Innovation is key for creating competitive advantage. Through knowledge exchange and collaboration, starting innovation will be fostered. Networking brings the companies together, thus leading to a conversation and building up trust which can evolve in collaboration.

Furthermore, the collaboration has to be small and specific. Small scale means that activities must be developed with a limited number of parties and entrepreneurs. By keeping company

visits and networking events small and yet specific, the involved parties receive enough room to get business out of it and interact with the people in their field of business. The entrepreneurs benefit more from efficient contacts. Large scale activities are minder effective like EDBF and ISG which has gone from 14 to 2 municipalities. There is no demand for big structures of cross-border collaboration it has to be small and tangible.

As a result of keeping the activities small and concrete, the collaboration also has to be demand driven, given that the collaboration is small and specific SME's will be concerned with tangible demand. In practice, this generates branch-specific cross-border activities. Within branches, companies have similar problems and a high degree of recognition about what is going on in the industry. However, a form of cross over business has to be kept in mind because the answer to a problem can be within a different branch.

In short, the collaboration has to be small, specific, direct and demand based in order to gain a competitive advantage out of the collaboration. The companies need to benefit from it and need to be stimulated by economic gains thus according to the factors in the Diamond Model, collaboration leads to competitive advantage in the case of SME's in Veendam and Papenburg.

The support of the businesses was not directly visible in order facilitate them and give them an incentive for collaborating since it leads to competitive advantage in the collaboration scheme's recommendations.

Recommendations

One of the main recommendations is to do further research on the topic of regional collaboration and on the competitive advantages this offers. In addition, the collaboration scheme should be tested and reviewed. This scheme is based on the results of the research; however, one cannot be sure that it will function in practice as well. It is set up in a practical way that conforms to this research and was carried out to ascertain how to facilitate cross-border collaboration.

Concluding that collaboration should be demand driven, pragmatic and branch driven, as indicated by the stakeholders and the theory, a practical way to approach this is to let the businesses take part of the matters into own hand. This means that if a business has a specific demand he can indicate this to Jos Kraan or Sabine Wendt, the economic conveyors of Veendam and Papenburg. They can contact each other with the specific demand of the company and ask if there might be a company in the other municipality that can help the company with their demand. Since Jos Kraan and Sabine Wendt know the businesses in the region and what they have to offer due to their function they can refer to a company quickly or decline the demand because there is not a match. Basically what is comes down to is business matching with Jos Kraan and Sabine Wendt at the core initiated by the demand of the company.

As indicated in the analysis the companies consider it to difficult to collaborate due to for example the different legal entities and language. A solution for this would an accountant and a lawyer on the side of Veendam and Papenburg who would collaborate together in order to help with the administrative part. Thus making the administrative part less of a barrier.

The business clubs should organize company visits on the side of Veendam and Papenburg, in order for interested and likewise companies to get to know each other. This enables networking within branches of industry thus demand driven and specific. The responsibility should thus lie with the business clubs.

In this scheme the government the businesses and the companies all have their responsibility for creating a collaboration that will lead to a competitive advantage.

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