Research policy at the local level of government: The establishment of a research funding organization by the municipality of Norrköping in Sweden

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Abstract

It is often claimed that research has become more important for many areas of policy-making. However, most studies about the relationship between policy and research are focused on the central level of government. In recent years research policy at lower levels of government has become more important in many countries. In, for example, Sweden, many local governments are developing research policies to meet new demands and expectations. This development raises several interesting research questions about the relationship between policy-making and research at the local level of government: How are these policies constructed in the specific institutional context of local self-governance? What political functions do these policies play for how the role of municipalities is changing? How are the municipalities handling the relationship with the scientific community? In this paper I will analyze these questions through a study of the establishment of a research funding organization by the municipality of Norrköping in Sweden.
1. Introduction

In contrast to many other policy areas, policies for research and innovation are in most countries expanding (both in monetary and institutional terms). Regardless of ideologies, most policy-makers agree that knowledge, research and innovation are essential for economic growth and prosperity, and that it is a public responsibility to contribute to knowledge production. While research policies in most countries are considered to be the responsibility for central governments, in recent years, research policy seems to have become more important also on local and regional levels. It is often claimed that a changing dynamic of the knowledge production, emphasizing the importance of localities and regions in knowledge production and innovation has contributed to this development (Nowotny et al 2001). Even more important is probably what is called a rescaling of the policy process, primarily through a decentralization of many policy areas to regional and local levels (multi-level governance). This has led to ambitions and demands on developing research and innovation policies also on these sub-levels of government. Furthermore, the role of universities has become more important for economic development and growth, not the least as modern “growth engines” in an increasingly knowledge intensive economy on local and regional levels. For municipalities, urban centers and regions it therefore becomes increasingly important to engage with the universities in strategic alliances as parts of growth policies (Harloe & Perry 2004; Perry 2007; Törnqvist & Sörlin 2000).

While there is some research on this development in different regions, there are few studies about local research policy, although it seems these policies in many countries are at least as important, as regional research policies (Perry & May 2007). The development raises several interesting questions about problems of governance of research policy on the local level of government. Firstly, the governmental steering of research is often characterized by a strong asymmetry: the government tends to be captured by the scientific community. On the local level of government this issue can be expected to even more problematic: The municipalities, with weak resources and experience of research policy, run the risk of being exploited by expanding universities (increasingly competing on a global market) and by researchers in need of external funding in a highly competitive funding market. Secondly, there are obvious tensions between the national and other levels of the government. What factors effects the freedom of action for the municipalities. The national states seem to run very ambivalent policies in this area: on the one hand strongly emphasizing national excellence, and on the other hand strongly encouraging regional and urban competition.

There is, I argue, a need to for detailed analysis of how these governance problems are managed in practice. In this paper I will analyze the governance of local research policy through a study of the establishment of an organization for research funding by the municipality of Norrköping in Sweden. While research policies in federal states are somewhat more established, in more unitary states, such as Sweden, the tensions between national policies and growing local and regional ones could be expected to be to be stronger and more disputed. Despite this, in Sweden local governments, especially the larger ones are increasingly developing research policies to meet new demands and expectations. The municipalities’ expenditure on externally funded R&D has increased from 61 million SEK in 2005 to 115 million in 2011. While still a relatively small figure compared to the funding from the central state, the increase can be interpreted as a stronger research policy ambition among the municipalities. While Sweden is a unitary state, it has a relatively strong, and
constitutionally founded local self-governance (Lidström 2011). This self-governance is however restricted, and research policy has earlier not been regarded as a local responsibility or, even in accordance with the constitution. Hence, Swedish local research policy is interesting as a case of how the responsibility and power of policy is changing in a system increasingly characterized by multi-level governance.

Focus is placed on the establishment of a research funding organization in the municipality of Norrköping. Norrköping is a mid-sized urban municipality (approx. 130,000 inhabitants) in eastern Sweden which used to be a major industrial city, but now, with relatively high unemployment, is struggling to develop a more knowledge-intensive economy. The research policy in Norrköping has developed in co-evolution with the establishment of a university campus in the city during the last 10-15 years. Although many municipalities have agreements and alliances with universities, this is a quite unusual example of local research policy. Often municipalities support specific programs or areas, while this case is about an effort to develop a more general support to research. The purpose of the study is to analyze how local research policies are constructed in the specific institutional context of local self-governance in Sweden? What are the strategies of the municipalities? What political functions do these policies, for example, play for how the role of municipalities is changing? How are the municipalities handling the relationship with the scientific community? Although my paper focuses on one municipality in Sweden, my ambition is to contribute to a broader theoretical and empirical discussion about the mobilization, formulation and implementation of research policies at sub-national levels of government.

The case study of the organization for research funding in Norrköping is based on both written material and interviews. I have analyzed public records from the municipality and carried out interviews with key informants. This article is structured as follows. In section two, I will outline the theoretical starting points of the analysis, focusing on how to understand the logic of steering of research at the local level of government. After that, I will give a background about the development and institutional conditions of local research policies in Sweden. Then, in section four I will present the result from the case study. Finally, I will present a theoretically informed analysis about what the case tell us about the tension between handling the challenge of the development of research policies in municipalities, especially how the relation with the research community is handled.

2. Governance of research policy at the local level of government
What is research policy and what are the distinctive characteristics of the policy area? In a classical book on science policy Jean-Jacques Salomon defined research policy as “collective measures by the state to, on the one hand, encourage the development of Research and development, on the other hand exploit the results with regard to different political objectives” (Salomon 1973). Embedded in this definition is not only the direct support of research, but also the ideas about how to “exploit the results”. Dietmar Braun describes Research policy as a typical example of a distributive policy, using Theodore Lowi’s classical typology of policy areas. This means that it is characterized by the transfer of public funding to a specific group in society, and are characterized by, relatively, low visibility, non-conflictive, and low salience in policy-making (compared to, for example, regulatory policies). According to his reasoning, there is a relatively small and homogenous group that benefit from research policy (the researchers), which also has strong incentives to collectively try to influence decision making (Braun 2006).
The literature on research policy has often used principal-agent perspectives in analysis of the relationship between the state and the scientific community. Research policy is, using this terminology, often considered to be an area which is governed by a high degree of information asymmetry between the principal and the agent. For example, Braun analyses the relationship as an issue of delegation where “one side, the policy makers, ask the other side, the scientists, to do something for them that they cannot do themselves, because they lack the capabilities of the knowledge the scientists have” (Braun 2003, p. 310). Hence, the relationship is characterized by its markedly strong imbalance, asymmetry, between political (the principals) and scientific actors (the agents). In the terminology of the principal-agent literature, such asymmetries can be expressed as marked problems of adverse selection and moral hazard. The adverse selection problem means that the politicians usually lack the knowledge to pick the most competent agent, the moral hazard problem that the politicians usually have problems evaluating the results of the work of the scientists (thus a monitoring problem).

Although this model is simplistic, it points to important circumstances in the relationship between politics and research. To avoid being captured by the interests of the scientists a number of strategies, and mechanisms of steering, can be identified. A common one is what Braun calls a “blind delegation” model which is based on trust between politics and science, and the self-steering of science. This is the steering logic of the classical research councils, which is an intermediary agent between the policy-makers and the scientists, which identify themselves strongly with the scientific community, and where the monitoring is organized by peer-review processes. The problem with the model is, naturally, that it only works as long as the policy makers find that they gain something from the research that is produced. An alternative strategy is a more incentive-based model, where the policy-makers are trying to steer the researchers into more applied policy areas, formulating priority areas or demanding co—funding, and in that way achieving a higher responsiveness. The mission oriented agency can be seen as an illustrative example, more driven by the interest of policy objectives. The problem with this strategy is that, at least in a highly competitive funding market, the researchers have a strong incentive to cheat (Braun 2003).

As pointed out in empirical research, the principal-agent approach seems to simplify the role of the scientists and policy makers in many respects. For example, it has often been shown that researchers and policy-makers are often quite capable of developing compromises (Morris 2003). The reasons for policy-makers to support research might, as is often assumed in principal-agent analysis of research policy, have instrumental purposes, but frequently also symbolic or strategic ones. The benefits from research are unclear and long term, and the framing is important: if support to research can be framed into, for example, industrial policy it might have stronger possibilities to be successfully initiated (Boswell 2009).

As pointed out in the introduction, the analysis of research policy has traditionally focused on the central level of government, and the question is if a focus on the local level of governance can be expected to be governed by a the same kind of logic and specific characteristics? I would argue that a number of factors might affect the characteristics of local research policy in different political systems. Firstly, the Institutional context can be expected to play a role. A major distinction can here be made between unitary and federal states, where the constitutional limitations can be expected to be higher in a unitary state, such as Sweden. Hence, the municipality has to handle both the relationship to the researchers, but also other levels of the system, primarily the national one.
Secondly, the governance of research at the local level is presumably more governed by need-oriented policy objectives; the need for the local government to show that the funded research are useful, are probably stronger than on the national level. Thirdly, the decentralization of policy has led to a more governance-oriented structure of relations between different levels of governance, and between the municipality and the university. The universities in many countries have become more autonomous, and the game between municipality and research at the local level is embedded in a more complex game, than on the central level, since the research policy of a local government can be expected to be ruled by the relationship with one (regional) university. The municipality is, in various degrees, dependent on the relationship with a single university.

To summarize, the discussion in this section has pointed to a number of characteristics of research policy in general, primarily connected with the asymmetric relationship between policy-makers and researchers, but also to factors that can be expected to, based on empirical finding, influence the governance of research policy at the local level of governance. The discussion will provide a lens through which to analyze the development of local research policy in Sweden and in particular the municipality of Norrköping.

3. Governance of local research policy in Sweden

Since after the second world war, research policy has been an important policy area in the industrialized countries, and states have had strong expectation on the benefits from investing in research activities in universities, institutes and, sometimes, private companies. Research policy has historically been influenced by different interest and steering ideas; a weak steering model (to a large extent delegating decision making to the scientific community) in the 1940s and 50s, a stronger focus on political and societal influence of priorities in the 1960s and 70s, and a more growth-oriented regime during the 1980s and 1990s (Ruivo 1994). The first decades of the new century has generally been influenced by a strong focus on New public management and the encouragement of competition (between countries, regions, universities etc.). It has also become more common to apply a broader and more system oriented view on the role of research in the economy (what is sometimes called an innovation policy perspective), and also emphasizing the need of collaboration between universities, public and private actors (Persson 2012).

Research policy in Sweden is to a large extent similar to this general description, but has a few characteristics that are important in relation to the role of municipalities in research policy. Traditionally, research institutes have been anomalies in the Swedish model of research funding: the government has focused its resources on the university sector. Although a number of research institutes exist, they are few, often of marginal importance and have relatively small resources. Sometimes this has been expressed as a result of a specific Swedish research policy doctrine: the universities should not only perform their traditional roles of teaching and basic research, but also function as “the research institute for the society”. It is often argued that this makes the Swedish system different compared to most other western countries. In many other countries public funding goes to a much higher extent to research institutes. The main arguments for this Swedish doctrine have been, firstly, that a well-functioning higher education system needs a strong research base, secondly, that the university system guarantees research of high scientific quality (Sörlin 2004).

\[\text{\footnote{It is important to point out that it is, normally, not only basic research that is included in what is meant by research policy, but also applied research and, most often, development.}}\]
Generally, the role of subnational levels of government in research policy has been limited. Except for more federal systems such as Germany, where the regional level historically has played a role, research policy has been managed at a national level (Perry & May 2007). As pointed out by Perry & May research (or science) policy has not been considered a legitimate policy target on the sub-national level. The reasons for this are of course several, but Perry & May point to some important ones: to guarantee the need to allocate funding through the objective criteria of scientific excellence, and the autonomy of scientific organizations (such as universities), has only been considered possible by a strong and impartial national state. This has also been underpinned by different institutional arrangements such as research councils governed by a, mainly, national scientific community and certain rights/privileges for the universities (Perry & May 2007, p. 1040).

Also this general description corresponds to the development in Sweden. In Sweden, the law of municipalities states that the municipalities and county councils “may themselves attend to matters of general concern which are connected with the area of the municipality or the county council or with their members and which are not to be attended to solely by the state, another municipality, another county council or some other body” (Local government act, chapter 2, section 1). Since the municipalities to a large extent has handled policies enacted by the state, for example primary education and elderly care, the knowledge needs of these policy areas has traditionally been a responsibility for governmental agencies at the national level.

The R&D expenditure of the municipalities has historically been on a relatively low level, but seems to have increased during the last ten years. While the municipalities expenditures on in house R&D have been rather stable during the last ten years (approximately 80 million SEK per year), the expenditures on commissioned R&D increased from 61 million SEK in 2005 to 115 million in 2011. While still a relatively small amount compared to the funding of the central state, this anyway shows that the municipalities has increased its research funding quite markedly. The statistics does also tend to underestimate the value of the R&D costs of the municipalities, since it, unlike state expenditures, is based on the municipalities own reports about their activities.2 Hence, it is quite clear that the development can be interpreted as an indication of a stronger research policy ambition among the municipalities.

What can then be the reasons for this intensified interest among municipalities to support R&D, especially commissioned R&D? As mentioned in the introduction a number of factors may have encouraged this change on the local level: Firstly, a general decentralization of responsibility and, especially, organization of higher education. The universities have become more autonomous, and encouraged to develop their own strategies. The state has also increased the incentives and pressures on universities to interact more with the society, not the least municipalities and regional bodies. They are often regarded as regional engines for growth, or resources for the needs of municipalities and regions (Hudson 2006). Secondly, an increased competition between municipalities, an increase that has also, as mentioned in the beginning, pressured them to develop alliances with the universities. The municipalities has also taken, and been encouraged to take, a more active role in local and regional growth policy (Persson 2010). Thirdly, the municipalities have, at least in some respect, gotten a relatively larger responsibility for many welfare policies. In several policy areas the responsibility have been decentralized from the central state to the local level (for

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2 See for example estimates of the municipalities and the counties R & D in Bergström et al (2000).
example primary education), or the regulation have become more general in its orientation, giving incentives for the municipalities to be more active in knowledge policy in general. In general, the role of the state has in the last two decades tended to focus more on the support of basic and excellent oriented research, and less on more societal relevant and applied research (Benner 2008). This development has been encouraged by new ideas, and research, about the importance of the local and regional level for innovation. Theories about regional innovation systems have emphasized the importance of clusters and close relationship between different actors in innovation processes. Triple helix perspectives has emphasized that knowledge increasingly is produced in collaboration between universities, private companies and the public sector (Etzkowitz & Leydesdorff (1997). Regardless of the validity of these theories and ideas, they have clearly fulfilled a legitimizing function for the development of local and regional research and innovation policies (Persson 2012).

A reflection of these general changes in the role of municipalities in research policy was a recent change in the formal possibilities of the municipalities to support research at the universities. The Local government act could be interpreted as that research funding of universities was a violation of the competence of the municipalities since the universities are parts of the state, and the activities of the universities a part of a general (state) responsibility. In 2008 the Swedish parliament enacted a new law which makes clear that the municipalities can support research at the universities. It was in the governmental bill presenting the new law, however stated that the municipality needed to make clear how the funding of a university would be useful for the inhabitants of the municipality (Prop. 2008/09:21).

4. The establishment of an organization for research funding by the municipality of Norrköping

4.1. Norrköping municipality and research policy: a background

Norrköping municipality is a medium sized urban municipality in the middle the East Sweden region. In the late 19th and the first half of the 20th century it was a major industrial city, dominated by textile industries. During the 1960s and 70s global competition led to a sharp decline, followed by high unemployment and industrial crisis. Its role as the economic center in East Sweden region was in many respects taken over by the neighbor city Linköping, similar in size, where a new university also was established in the 1970s.

The development of a R&D policy in the municipality of Norrköping was closely linked to the establishment of a new Linköping university campus in Norrköping. Norrköping had in the mid-1990s still problems with high unemployment and a population with a low level of education. The higher education policy of the national government was at this time focused on establishing new university colleges in medium sized cities, which became an opportunity for an initiative to establish a new Linköping university campus in Norrköping. The initiative was a collaborative effort, strongly supported by central actors in the municipality. The establishment was in many respects a success for the old industrial city, and led to a boom for the city, primarily through a successful transformation of the old industrial city center to integrate the new university campus (Cederborg et al 2005).

The municipality did also take different initiatives to support the research at the campus, for example financing research projects, PhD students and research infrastructure. The alliance between the municipality and the university was also strengthened by an agreement of collaboration, both in
research and higher education. A steering group, consisting of representatives of the municipality and the university, was also set up to manage this collaboration. The municipality did also hire a R&D secretary, with the task of managing collaborations with the university, but also engaging in national and regional networks within the R&D field. When these initiatives were taken, the R&D networks organized by the Swedish Association of Local Authorities and Regions (SKL) were, according to the R&D secretary, important for the exchange of ideas, and the connection with national research policy. Although SKL abolished its research funding organization the mid-2000s, these networks have, according to the R&D secretary in Norrköping, prevailed and continued to be important (there is for example a national network for R&D secretaries in the municipalities). The R&D budget of the municipality increased from 17 million in 2011 to 26 million in 2013. In 2013, 20 million was funding for commissioned R&D, and 6 million was in house R&D. A large part of the commissioned R&D (2 million) went to CKS, the Center for municipality studies research at Linköping University, a unit partly financed by municipalities in the East Sweden region, and in 2013 a larger part was channeled through the new research funding organization set up in 2012.

It is quite obvious that the motives behind the R&D activities of the municipality to a large extent can be traced back to the importance for the municipality to have a strong university and become an attractive urban center. However, the actors interviewed also stressed that it is important that municipalities support R&D of relevance for their own activities, for example primary education and elderly and health care. Interestingly enough two central actors also stressed that larger municipalities can play a role in supporting new research, underfinanced by the state. The municipality should, according to their reasoning, take a responsibility to, together with other major municipalities, support research of relevance for the municipality sector. This seemed to have become an even more important argument since the Swedish association for local authorities and regions no longer have a specific research funding organization.

4.2. The initiation of an organization for research funding

The initiative to establish a research funding organization was to a large extent an outcome of the development of a new growth and employment policy in Norrköping. Despite the development of the new university campus, the municipality had continued to have problems with high unemployment and a low level of education among its citizens. As part of a process to increase growth and employment in Norrköping a job commission was established in 2011. The purpose with the commission was to make a common effort for an increase in employment within areas where the central actors (political parties, business, unions etc.) could agree. All actors in the commission could agree that the university campus and the role of research and higher education were important for the development of the city. Consequently, the commissioned encouraged the municipality to take initiatives to create of some kind of arrangement to support research at Campus Norrköping. The people interviewed, seem to agree that it was primarily, the chairman of the executive board in the municipality, and the leading representative of the political majority, Lars Stjernkvist, who was the driving actor in this process.

The direct reason for the initiative was that the municipality had a surplus in its budget in 2012. Especially the social democratic party argued that the establishment of some kind of research support to the university would be a good way to spend this surplus. The liberal party was more skeptical and argued that there were more acute activities, such as the funding new teaching positions in the primary schools, which the money could be used for. The liberal party did also argue
that it was unclear if R&D support to the universities was in line with the mission of the municipality. The social democrats were, however, able to get a majority support for an initiative to support R&D of relevance to Norrköping municipality, through an alliance with the moderate (right-wing) party.

The proposal of the fund was prepared by an investigator connected to the job commission. In the proposal it was stated that the fund should be seen as a “long term investment”: it could take years for the research to have impact on the municipality, if ever. The purpose of the fund was that it over time would contribute to the fulfilment of important objectives for the municipality. Firstly, a higher level of education in the municipality. This seems to be, based on the interviews, the primary goal of the initiative. More funding for research at the campus Norrköping would lead to more teachers and researchers and in the long run also to more students. A stronger campus would also make the municipality more attractive for new companies. Secondly, to develop the activities of the municipality, for example in the welfare sector; to strengthen the competence and evidence basis of welfare policies and other activities run by the municipality.

The third objective can be interpreted as strategic: “to strengthen education and research at Campus Norrköping”. Quite explicitly, it was stated that the municipality wanted to strengthen the role of the campus in the future plans of Linköping University. The interviews here mention the importance of an investigation about the university organization that was initiated by the vice chancellor of the university in 2012. An important starting point for the investigation was to find strategies to strengthen the profile of Campus Norrköping. For the leading decision makers in the municipality, the new fund would be a way to put pressure on the university to focus more on Campus Norrköping. Fourthly, the municipality also hoped that the new fund would develop the industry and economy at large in Norrköping, through applied research and spin-off companies.

4.3. Designing a research fund
The organization of the new fund was influenced by different factors. As mentioned in the earlier section the decision makers, at least the leading politicians, was eager to have a broad funding arrangement. This excluded specific funding for certain areas, programs or units at the campus in Norrköping. It seems like the decision was the results of discussion in a quite large group of actors, including senior bureaucrats working with university issues and representatives of campus Norrköping. All seemed to agree that it was important that different research areas at Campus Norrköping, would gain from the initiative. The degree of autonomy for the fund was another central issue: on the on hand the decision makers wanted a project selection process based on scientific criteria etc. On the other hand, it was considered important that the process would be under the control of the municipality executive board. The actors seem to have been in agreement that the municipality should not establish a foundation to distribute the research support. This was partly a matter of formal possibilities: the funding was based on a surplus in the municipality budget and it would have been complicated to not keep the money within the control of the board. Earlier, negative, experience from the use of foundations (that could have been an alternative) for research support was also an important motive.

Another possibility could have been to let the funding be handled by the steering group of the cooperative agreement between Norrköping and Linköping University (see above). According to one informant it was considered important to have politicians involved in the process. The steering group
of the agreement did not include any politician, only representatives from the university faculties and the municipality administration. Another informant pointed out that it was considered important that the funding initiative was an initiative by the Norrköping municipality to create jobs, in accordance with objectives of the job commission. The symbolic value was, it seems, important to emphasize. A certain imitation effect is also obvious: the social investment fund is in the interviews often mentioned as a similar initiative, an inspiration for the research fund. As I will be discussed in the next section the ambition to keep the fund, to institutionalize it, was also an important aspect. The municipality wanted to show to the world around that it had its own research funding organization.

The organization of the fund came to reflect somewhat contradictory objectives. The detailed procedures of the evaluation committee were mainly designed by the R&D secretary of the municipality. She based her proposals on discussions with representatives of national research funding organizations and different actors at the university. The steering was primarily expressed through demands on relevance for the municipality and demands on cooperation with the municipality. Apart from that the allocation process can be considered as a “bottom-up process” in the sense that the initiatives to the specific research projects are taken in a process where researchers send in applications following a general call. The evaluation of the proposals is made by an evaluation committee, while the formal decisions are taken by the municipality executive board. This can be interpreted as a strong political steering of the process, but the actors interviewed emphasize that the final decision in the municipality board mostly is a formality: the executive board has until now followed the recommendation of the evaluation committee. However, the evaluation committee is composed of different kind of actors, also the two leading politicians in the executive board, which makes the political influence of the process quite strong. The composition of the evaluation committee is to a large extent based on a corporative logic: apart from the two representatives of the municipality executive board (politicians), the chief executive of the municipality, two representatives from the university, one from the business community (the job commission) and one union representative.

It is interesting to notice that the fund is both described as an independent research funding organization run by the municipality, but also as collaboration between the municipality and the university. Obviously some senior actors at the university have been important in designing the new organization. Interestingly enough, though, not the deans of the faculties, but one department head at campus Norrköping and the university director (former head of the center for municipality studies, also situated at Campus Norrköping).

4.4. Implementing local research policy

The research fund has so far allocated approximately 20 million SEK to 18 research projects. The funding has been distributed to the projects through four different decisions. The research projects funded represent most research fields that have activities at Campus Norrköping. There was some critique against the municipality after the first allocation decision by the fund: one of the projects that received funding got 2.9 million SEK, that is, a large share of the total budget of the foundation. Furthermore, the department where this project was based got almost 60% of the funding in the first round. It didn’t help that the head of this department also was one of the university representatives on the review committee. Over time the distribution between technical research areas and areas connected to social welfare has evened out. The distribution seems to reflect the two major
objectives: to stimulate growth and employment, and to support research of relevance for social welfare.

According to the interviews the important criteria for the selection of process has been the quality of the project, combined with the relevance of Norrköping municipality. The selection of projects has, however, not worked in accordance with a classical peer review procedure: the fund uses neither anonymous scientific referees, nor scientific peer review groups to evaluate the research proposals. The actors interviewed do, however, argue that the review board has had a broad competence (primarily as lay men), and that the two university representatives have been important to provide the other actors with relevant expertise. Sometimes, a negotiation situation has developed. The evaluation committee has perhaps found a project interesting, but wanted to get more information and specifications. In many ways the R&D secretary has been active as broker between different interests, in finding solutions, encouraging new applications etc.

Although of the members of the evaluation committee describes the selection process as difficult, they have also found the work stimulating and seem convinced that they have managed to make relatively fair decisions. The members also mention two problems that relate to the municipalities relation to the research community. Firstly, that it has been difficult to get the researchers to receive co-funding from other funding sources to the projects, pointing to risks of very “narrow” research projects, only focusing on problems of relevance to Norrköping. Secondly, that they are worried about how the project leaders that have not received funding, will view the municipality. Will the research fund give rise to a dissatisfaction of the municipality, and thereby counteract a central purpose of the fund: to strengthen the ties to the university and the researchers. Despite these worries, the municipality executive board seems to regard the research fund as a success, and has decided to continue to support the fund with further 5 million SEK. It seems probable that the research fund will continue to exist.

5. Conclusions
The purpose of the study was to analyze how local research policies are constructed in the specific institutional context of local self-governance in Sweden? What are the strategies of the municipalities? What political functions do these policies, for example, play for how the role of municipalities is changing? How are the municipalities handling the relationship with the research community?

It is quite obvious that the main motives behind the research policy in the municipality are strategic in its nature: to support the development of the University campus and to strengthen the alliance between the municipality and the university. There are also more symbolic motives behind the initiative: to show the world around that Norrköping is a modern and attractive municipality. There are also more instrumental motives behind the funding arrangement, for example to use research in the activities of the municipalities, but they seem in many ways to be of secondary importance. However, the decision-making process behind the decision was complex: as often is the case in research policy, it is often linked to different objectives and interests.

How has the relationship with the research community been handled in the process of organizing and implementing the initiative? There is a duality in the municipality’s role: on the one hand, it tries to support the researchers (as individuals, groups or as a community), on the other hand it wants to support the university as an organization. This is reflected in a rather complex and contradictory
design of the fund. The discussion of the “agent” in the principle-agent oriented literature is, of good reasons, mainly focused on individual researchers or research groups. While formally the recipients of grants from the funding agencies are institutions, such as universities, this is not usually assumed to be of great interest since the university does not exerts any strong directional control of the researchers. In this case, the roles are more mixed than is the case on the national level, in a way a typical governance-like form of decision making. An overall reason for this is the municipality’s dependence on the university as an organisation, which makes the relationship more asymmetric. Even though the university has some incentives to engage in activities with the municipality, these are quite small in comparison with the municipality’s dependence on the resources of the university.

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