Entrepreneurs as Resources in Regional Economic Development

Farooq Ahmad Khan
Professor,
The Business School,
University of Kashmir,
Srinagar

Gowsia Bashir
Research Scholar,
The Business School,
University of Kashmir,
Srinagar

Abstract

This paper makes critical evaluation of research articles regarding the entrepreneurship and its contribution to regional economic development. It takes into consideration various research articles and their findings to draw valid conclusions pertaining to Entrepreneurship and its impact on economic development. The study reviews the contribution of entrepreneurs in enterprise strategies linked to regional and economic development. Economic benefits are defined in terms of employment generation and dynamics, innovation, productivity and growth, increased competition and structural changes. The findings of the review process confirm that entrepreneurs have a specific role in the growth and development of the economy in general and the region in particular.

Keywords: Regional Development, Entrepreneurship, Innovation, Employment, Productivity.

Introduction

In context of present regional economic development theories , which account for the increasing importance of knowledge capital in explaining productivity and competitiveness Entrepreneurship has acquired a most predominant position, (Solow 1994;Gregersen and Johnson 1997). New models of regional development, stressing learning, flexibility, knowledge and networking often assume a vitality behind which Schumpeterian entrepreneurs lie as a driving force (Castells, 1996; Cooke and Morgan, 1998; Fontes and Coombs, 2001). Entrepreneurs reduce rent seeking, monopoly misuse and economic stagnation by their innovations and imitations (Maskell and Malmberg, 1999). Entrepreneurs tend to increase efficiency and productivity due to new combinations of existing assets, new niches, and market needs (Bathelt, 2001). It is unsurprising that the Organization for Economic Co-operation and Development (OECD) should regard entrepreneurship as 'central to the functioning of market economies' (1998). Over longer time periods, Entrepreneurship has emerged in some particular places and leads to localized social more´ s and accumulated economic success, which cannot be reproduced elsewhere so easily (Hobbs, 1991; Hassink, 1992; Harrison and Hart, 1993; Wood 2002). Emergence of innovative sectors and increased productivity in certain successful regions by the entry of entrepreneurs depict the role played by the entrepreneurship for such development. Mason (1991) showed how deindustrialized economy suffered from low rates of new firm formation, and Cooke (1995) found several examples of declining economies that were later on able to increase their rates of new firm formation. Massey (1995) put forward the question whether entrepreneurship helps in revitalizing deindustrialized regions.

Anderson (2000) used the idea of marginal mode of entrepreneurship to show how a peripheral region allows entrepreneurship and gets benefited by it. He argued that 'gravitation works to strip out higher order functions from the periphery, investing and reinforcing central power' and what remains behind is the out dated qualities like tradition and underdevelopment that make it non essential or tangential in the first place (Anderson, 2000). Anderson in his thesis had put forward several concrete examples of certain local enterprises that have turned into well established entrepreneurs. Being new and highly entrepreneurial businesses, it is difficult to perceive how these lead to regional development due to increased productivity of local knowledge capital. The new regional development models do not comprehensively deal with the argument that how come the less well performing regions are benefited by the entrepreneurship. It is not unambiguously argued that peripherality prevents entrepreneurship, but there is a defensive belief that when benefits are created in such less favored regions, they do not last long, and are easily lost from that region. So there is a need to explore how the regions with adverse industrial set up and lower entrepreneurship cultures can perk up their situation through increased entrepreneurship.

Importance of innovation and learning has been described in no of theories of regional development (Mackinnon et al. 2002). Knowledge capital has became important factor of production due to recent changes in the nature of economic activity and it has lead to increase returns to scale (Romer, 1994;Solow 1994), and unlike other production factors, knowledge has increasing returns to scale. Productivity growth depends on firms' abilities to deal with product, process and technique innovations. Where innovation requires incorporation of uncodified forms of knowledge, such as tacit knowledge, know-how and embedded knowledge, but trust and proximity have a great impact on innovation rates. Firms are increasingly adopting networking organizational forms to bring in these uncodified types of knowledge. Presence of supportive formal institutions and informal cultures in a region increase its tendency to higher innovation and productivity levels. Regions have been regarded as the optimum territorial scale for such institutions and cultures in theories such as learning regions (Asheim, 1996), new regionalism (Morgan 1997), regional innovation systems (Cooke and Morgan, 1998), and new institutionalism (Amin, 1999).

Although the concept of the entrepreneur is important in these theories, different disciplines have defined entrepreneurs in different ways. In orthodox economics, entrepreneurs change economic systems in noteworthy ways, often referred to as Schumpeterian entrepreneurs (Schumpeter, 1934). In management and business studies, entrepreneurship is basically formation of newer businesses. In geography, entrepreneurship is regarded as a cultural factor behind economic development (Harrison and Hart, 1993).All these theories lead to a similar concept that an entrepreneur is someone who creates new organizations; which in turn enhance regional productivity and competitiveness levels. Entrepreneurs have a crucial role in territorial innovation networks, building new network elements, and destroying unnecessary linkages and nodes which can be regarded as a driving factor for the success of that very region. Building new linkages and assets creates additional network capacity, while creative destruction prevents lock-in to negative development trajectories (Grabher, 1993).

At regional level , factorial approach establishes a concrete link between entrepreneurship and region; a region possesses 'assets' (factors) and know-how about those assets; entrepreneurs shape these assets in new networks in creating new firms which in turn add to the territorial asset base. but factorial approaches failed to explain the interdependence between the factors driving entrepreneurship (Mason 1991; Borooah and Hart 1999; Lawson 1999; Saxenian 2000).The way factors cohere into the operating environment lead to regional differences in entrepreneurship i.e. the environment in which the firms are operating has also a great impact on the success of entrepreneurs. Dubini (1989) classed good environments as 'munificent', while Johannisson (1993) used the idea of a 'diverse' environment to describe places with a higher tendency to new firm formation. This perception implies that it is the geographical location that matters a lot and has got greater impact on the performance of entrepreneurs as compared to these assets (factors).

The Economics of the Consequences of Entrepreneurship

In present world whether it is economist or policy maker both see small businesses, particularly new ones, as a vehicle for entrepreneurship, that not only lead to employment and social and political stability but also to innovation and competition (Wennekers and Thurik, 1999). This changes the older ideology that small businesses are only meant for social rather than economic reasons, even at a net economic cost. Worldwide research confirmed a positive and statistically strong link between entrepreneurship and economic growth with a lack of entrepreneurship incurring a cost in terms of forgone economic growth (Audretsch and Thurik, 2000; Audretsch, Carree, van Stel and Thurik, 2002; Carree and Thurik, 1999; Carree, van Stel, Thurik and Wennekers, 2002; Audretsch, Carree and Thurik, 2001).

While policy makers always consider small business and these matter a lot to them, but the way in which it has mattered has changed dramatically .Due to increasing apprehension about unemployment, job creation, economic growth and international competitiveness in global markets, new research evidence has gained a lot of familiarty and support by policy makers to promote the creation of new businesses, i.e., entrepreneurship (Reynolds, Hay, Bygrave, Camp and Autio, 2000). This is a current trend i.e. it is the usually the new firm formation that when enters into the market leads to reduction in the unemployment by creating more and more jobs and increase the economic productivity.

Entrepreneurship has played an immense role in economic development. The benefits to society will be greater in economies where entrepreneurs can operate gymnastically, develop new ideas, and get the rewards. Due to presence of high regulatory barriers, it is somehow difficult for the Entrepreneurs to enter new markets but most of the entrepreneurs having innovative ideas are fully welcomed by the more innovation-friendly countries i.e. these entrepreneurs respond to these high regulatory barriers by their innovative capabilities or by turning from productive activities to non-wealth-creating activities. To attract more and more productive and innovative entrepreneurs, governments need to cut red tape, restructure regulations, and prepare for the negative effects of layoffs in serving firms that fail because of the increasing competitive markets. This will result in the better development and modernization of the society and the economy in general.

Entrepreneurs Introduce Innovations and Induce Economic Growth

For the last 30 years, the smaller firms have shown much success as compared to larger ones in terms of innovativeness because of reduction in the importance of economies of scale shown by the newer technologies (Meijaard, 2001). Innovativeness has gained a lot of importance and success because the world economy had went through lot of uncertainties from 1970 onwards (Audretsch and

Thurik, 2001). New markets, new technologies, products or processes came into existence due to innovative ideas of entrepreneurs (Audretsch, D. B., 2002). Entrepreneurs have introduced so many radical innovations like Pierre Omidyar (eBay), Larry Page and Sergey Brin (Google), Larry Ellison (Oracle), Dietmar Hopp and Hasso Plattner (SAP), Bill Gates (Microsoft), Steve Jobs (Apple), and Stelios Haji-Ioannou (easyJet). Economic growth is triggered by these far-reaching innovations (Valliere, D., and R. Peterson, 2009). There is a positive correlation between innovative capacity of a country and its entrepreneurial activity and this result was usually found in case of more developed countries Wennekers et al. (2005) . Likewise, technological changes and entrepreneurial activity are also positively correlated Acs and Varga (2005) which means the more newer and efficient technology the more entrepreneurial growth. Love and Ashcroft (1999) showed that increase in plant size increases number of innovations. Huergo and Jaumandreu (2004) show that larger firm have higher chances of introducing the innovative ideas as compared to smaller ones in Spanish market which means innovativeness increases with the size and growth of a firm. The finding that larger firms (are more likely to) introduce more innovations is not striking, Larger firms might have increased number of product lines to improve ahead. Love and Ashcroft (1999) showed that innovations per employee, actually decreases with firm size, which means "smaller firms are indeed more 'innovation intensive' than their larger counterparts" (Love and Ashcroft, 1999). In other words, they bring into being innovations more competently. Entrepreneurs contribute to the economic progress to a large extent by bringing more and more innovations. In comparison with present firms, new firms are always in search of new opportunities and likely invest more and more in searching them. Existing firms usually innovate less and it might be because of organizational sluggishness, which numbs their reaction to rapid market changes, or because of competition given by the new goods to their established range of products. Incumbent firms often miss out, sometimes intentionally, on opportunities to adopt new ideas because of the fear of cannibalizing their own markets. Setting up of own businesses frequently seems to be the only option for inventors and innovators to commercialize their ideas.

Entrepreneurs Increase Competition

Existing firms face extreme competition from the entrepreneurs who establish new businesses. The entry of larger number of enterprises results in the diversification of the product variety and result is usually the lower prices and improved quality which benefit the consumers. In order to identify the effects of new business formation on existing firms, researchers have developed a measure of market mobility. (Koster, S., A. van Stel, and M. Folkeringa, 2012). A change in the ranking of established firms by number of employees indicates a transfer of market share and higher market mobility. This effect is particularly strong when considering entrepreneurial activity five years prior to the start-up, which points to a substantial time lag in the effect of start-ups on market mobility. In addition, establishment of new businesses has an indirect competition-enhancing effect by pushing established firms to improve their performance.

Contributions to Employment

This section reviews the recent evidence of the role of entrepreneurial firms in generating employment, both in terms of quantity, dynamics and quality. Baldwin (1998) concludes that small size class firms have increased their employment share in the period 1973-1992, whereas the larger size classes experienced decreasing employment shares. Johansson (2005) – studied active Swedish IT firms in the period 1994-1998 – and established a U-shaped relationship between an industry's average firm size and its employment growth, he concluded that employment growth of an average firm size of around 240 employees is minimum. Shaffer (2006) also came up with the same result based on the aggregated data at the country level in US.

Most of the new jobs are created by the Small and medium-sized enterprises which increase the interest in entrepreneurship and SMEs in relation to job creation. Birch, (1987), De Kok et al. (2006) consider small and medium-sized firms as the main source of employment growth. Employment is generated by the new firms when they enter into the market. Research has shown that after disentangling all the potential effects there is a more complicated, S-shaped effect over time (Fritsch, M. ,2008). New businesses have got a direct impact on employment due to creation of new jobs .This phase is followed by stagnation or slump as new businesses gain market share from non competitive existing firms and as some new entrants fail. After this intervening phase of potential failure and disarticulation of existing firms, the increased competitiveness of suppliers leads to positive gains in employment once again. Finally the employment effect of new business formation gets faded away about ten years after startup. This type of wave pattern was established for the US and for a number of European countries, as well as for a sample of 23 Organisations for Economic Co-operation and Development (OECD) countries (Carree, M. and R. Thurik. 2008). Fritsch (1997), Mueller et al. (2006) as well as Fritsch and Mueller (2007) study German regions; Acs and Mueller (2007) US regions; Baptista et al. (2007) Portuguese regions, Van Stel and Suddle (2007) Dutch and Fölster (2000) Swedish regions. Based on country level data, Carree and Thurik (2007) also got the same pattern i.e. Increased business ownership rates all together have got an immediate small effect on employment generation, a midterm negative effect and a long term positive effect.

Contributions to Productivity and Growth

The entrepreneurial contributions with respect to productivity and growth are measured by their relative contribution to components of GDP, i.e. total value added and labor and factor productivity. A distinction is made between contributions to the level of GDP and the growth of GDP. A direct measure of contributions to a country's GDP is a firm's value added, since GDP is the sum of the amount of value added per firm, summated over all firms. The second main indicator is related to the efficiency of production

or the contribution to GDP per worker, i.e. labor productivity. Total factor productivity (TFP) is used as the final indicator. It is often referred to as the 'residual' or the indicator of "technical progress" and is defined as output per unit of capital and labor combined. The relationship between entrepreneurship and levels of value added (unlike growth of value added) has been little studied and is not very insightful since value added is a type of size measure. Thus, the contribution of entrepreneurial firms (often small) to value added will be lower than for other firms.

The majority of the studies related to labor productivity show that entrepreneurs have lower – or, at least, no higher values of labor productivity – than their counterparts. Disney et al. (2003) is the only study that showed that the labor productivity of entrepreneurial firms is relatively high: Younger firms of lesser than 1 year, i.e. entrants, have an average annual labor productivity (output per person hour) 2.4 percent higher than for incumbent establishments, and 5 percent higher than for exiting establishments. On the contrary, Brouwer et al. (2005) when related value added and gross output to the cost of labor found that both ratios increase with firm size. Thus, entrepreneurs have slower average levels of labor productivity than their counterparts. Foster et al. (2006) while comparing the labor productivity levels found that entering establishments have a far higher productivity level than the existing ones while as entering and incumbent establishments have comparable productivity levels. Jensen et al. (2001) recognized several difficulties while making a comparison of productivity levels across plants of diverse ages. He found three different effects on productivity as plants grow older; positive age or experience effect, i.e. productivity increases due to the management accumulating experience i.e. learning by doing, or economies of scale. Secondly due to survival and also, there is a possibly offsetting negative 'vintage' effect. The new and up to date technologies are usually practiced by start-up plants i.e. Younger plants in a given year personify more productive technologies. Growth of value added has been studied at the firm level (Brouwer et al., 2005; Rodriquez et al., 2005) and at more aggregated levels (Baldwin, 1998; Carree, 2002; Robbins et al., 2000; Carree and Thurik, 2007). The results revealed that the entrepreneur's growth of value added is relatively high. At the firm level, Brouwer et al. (2005) the growth rates in productivity decrease with firm size in terms of output and value added relative to the costs of the factors of production, i.e. larger firms have lower productivity growth rates as compared to smaller ones. Rodríguez et al. (2003, Spanish Canary Islands) use the framework of Gibrat's Law and corroborate this result. Based on aggregated data, Baldwin (1998, Canada, manufacturing) shows increasing shipment shares of the smallest size class at the cost of those of larger size classes. Hence, economic activity has been shifted towards small firms (possibly without any actual growth of total shipment value, i.e. GDP). Robbins et al. (2000) provide direct support of the relatively large contribution of entrepreneurial firms to value added growth .Foster et al. (2006) find that "net entry accounts for virtually all of the labor productivity growth in retail trade." Brouwer et al. (2005) also came up with the same conclusion that productivity of larger firms is lower as compared to smaller firms. Disney et al. (2003) decompose industry-wide labor productivity based on individual establishment data-into growth which is the result of internal restructuring, due to entry and exit of establishments and competition between the existing and new firms that leads to survival of the fittest. Although overall employment may get reduced, new firms can foster productivity (Geroski, P. A. 1989). The productivity-enhancing effect of business formation occurs in the medium term, when the disarticulation of existing firms has dominated the employment effect. This is because the new firms increase the competition when enter into the market and thus decrease the serving firm's market power, forcing advantage or more efficient firms than incumbents will enter the market. The subsequent selection process pressurizes the least efficient or out dated firms (both entrants and incumbents) to go out of business.

Entrepreneurship Encourages Structural Changes

Due to the entry of more and more enterprises competition between the firms increases. The entry of new businesses forces the existing firms to make internal adjustments and modernize their functions as a result of which only those firms survive that are able to compete with the new market while as rest are thrown out of the market. Usually the new firms are more techno specific and more innovative than the older ones due to which existing firms often struggle to adjust to new market conditions and permanent changes, getting locked into their old positions. They fail to make the necessary internal adjustments and lack the ability for "creative destruction," (Schumpeter in 1934). The exit of worn-out firms can help to free firms from a locked-in position. Moreover, entrepreneurs may create entirely new markets and industries that become the engines of future growth processes.

Conclusions

The purpose of this paper was to examine the recent review regarding the role of entrepreneurs in regional economic development and overall economy. From the above literature it can be concluded that entrepreneurs have a specific role in the growth and development of the economy in general and the region in particular .The results are expressed in terms of high levels of employment creation, productivity growth and produce and commercialize high quality innovations. These factors show a greater dependence on each other because more the innovative ideas more competitive markets will exist which creates more jobs for the society and also increase the productivity of that very region and world economy . They are more satisfied than employees. So what is needed is the both formal and informal support to the entrepreneurs by both the government and the common people in each and every aspect whether it is monetary or non monetary because it is the smaller firms that contribute to the economy to a larger extent. However, the counterparts cannot be missed as they account for scale in terms of labor demand and GDP, a less

volatile and more secure labor market, higher paid jobs and a greater number of innovations and the adoption of innovations.

References

1. Acs, Z.J. and Mueller, P. (2007). "Employment Effects of Business Dynamics: Mice, Gazelles and Elephants", Small Business Economics, forthcoming
2. Acs, Z.J. and Varga, A. (2005). "Entrepreneurship, Agglomeration and Technological Change", Small Business Economics, 24 (3), 323-334
3. Amin, A. 1999 An institutionalist perspective on regional economic development, International Journal of Urban and Regional Research, 23: 365–378.
4. Anderson, A. R. 2000 Paradox in the periphery: an entrepreneurial reconstruction, Entrepreneurship & Regional Development, 12: 91–109.
5. Asheim, B. T. 1996 Industrial districts as 'learning regions': a condition for prosperity, European Planning Studies, 4: 379–400.
6. Audretsch, D. B. "The dynamic role of small firms—Evidence from the US." Small Business Economics 18 (2002): 13–40.
7. Audretsch DB, Carree MA, Thurik AR (2001) Does Entrepreneurship reduce Unemployment? Tinbergen Institute Discussion Paper 2001–074/3, Tinbergen Institute
8. Audretsch, D.B., Carree, M.A., Van Stel, A.J. and Thurik, A.R. (2002). "Impeded Industrial Restructuring: The Growth Penalty", Kyklos 55, 81-98.
9. Audretsch, D. B., & Thurik, A. R. 2000. Capitalism and democracy in the 21st century: from the
10. managed to the entrepreneurial economy. Journal of Evolutionary Economics, 10: 17–34.
11. Baldwin, J.R. (1998). "Were Small Producers the Engines of Growth in the Canadian Manufacturing Sector in the 1980s?" Small Business Economics, 10 (4), 349-364
12. Baptista, R., Escaria, V. and Madruga, P. (2007). "Entrepreneurship, Regional Development and Job Creation: The Case of Portugal", Small Business Economics, forthcoming
13. Bathelt, H. 2001 Regional competence and economic recovery: divergent growth paths in Boston's high technology economy, Entrepreneurship & Regional Development, 13: 287–314.
14. Birch, D. (1987). Job creation in America: How our smallest companies put the most people to work. New York: The Free Press.
15. Boroohah, V. K. and Hart, M. 1999 Factors affecting self-employment among Indian and black Caribbean men in Britain, Small Business Economics, 13: 111–129.
16. Brouwer, P., De Kok, J. and Fris, P. (2005). "Can firm age account for productivity differences?" EIM SCALES paper N200421, Zoetermeer, Netherlands Carree, M. A. 2002. Industrial restructuring and economic growth. Small Business Economics, 18: 243–255.
17. Carree, M.A. and Thurik, A.R. (2007). "The Lag Structure of the Impact of Business Ownership on Economic Performance in OECD Countries", Small Business Economics, forthcoming Carree, M., and R. Thurik. "The lag structure of the impact of business ownership on economic performance in OECD countries." Small Business Economics 30:1 (2008): 101–110.
18. Castells, M. 1996 The Rise of the Network Society (Oxford: Blackwell Publishing).
19. Cooke, P. N. 1995 Keeping to the high-road: learning, reflexivity and associational governance in regional economic development, in Cooke, P. N. (ed.), The Rise of the Rustbelt (London: ICL Press) pp. 231–245.
20. Cooke, P. and Morgan, K. 1998 The Associational Economy (Oxford: Oxford University Press).
21. Disney, R., Haskal, J. and Heden, Y. (2003). "Restructuring and Productivity Growth in UK Manufacturing", The Economic Journal, 113 (July), 666-694
22. De Kok, J., de Wit, G., & Suddle, K. (2006). SMEs as job engine of the Dutch private economy; a size class decomposition of employment changes for different sectors of the Dutch economy, EIM research report H200601. Zoetermeer: EIM.
23. Dubini, P. 1989 The influence of motivations and environment on business start-ups: some hints for public policy, Journal of Business Venturing, 4: 11–26.
24. Fontes, M. and Coombs, R. 2001 Contribution of new technology based firms to the strengthening of technological capabilities in intermediate economies, Research Policy, 30: 79–97.
25. Foster, L. Haltiwanger, J. and Krizan, C.J. (2006). "Market Selection, Reallocation, and Restructuring in the U.S. Retail Trade Sector in the 1990s", The Review of Economics and Statistics, 88 (4), 748-758
26. Fritsch, M. (1997). "New Firms and Regional Employment Change", Small Business Economics, 9, 437-448
27. Fritsch, M. and Mueller, P. (2007). "The Effect of New Business Formation on Regional Development over Time. The Case of Germany", Small Business Economics, forthcoming Fritsch, M. "How does new business formation affect regional development? Introduction to the special issue." Small Business Economics 27:2–3 (2008): 245–260.
28. Geroski, P. A. "Entry, innovation, and productivity growth." Review of Economics and Statistics 71 (1989): 572–578
29. Grahber, G. 1993 The weakness of strong ties – the lock-in of regional development in the Ruhrgebeit, in Grahber, G. (ed.), The Embedded Firm: On the Socioeconomics of Industrial Networks (London: Routledge) pp. 255–277.
30. Gregersen, B., and Johnson, B. 1997 Learning economies, innovation systems and European integration, Regional Studies, 31: 479–490.
31. Harrison, R. T. and Hart, M. (eds) 1993 Spatial Policy in a Divided Nation (London: Jessica Kingsley).

32. Hassink, R. 1992 Regional Innovation Policy: Case Studies from the Ruhr Area, Baden-Wurttemberg and the North East of England (Utrecht: Utrecht University Press).
33. Hobbs, D. 1991 Business as master metaphor: working class entrepreneurship and business-like policing, in Burrows, R., Deciphering the Enterprise Culture: Entrepreneurship, Petty Capitalism and the Restructuring of Britain (London: Routledge) pp. 107–125.
34. Huergo, E. and Jaumandreu, J. (2004). "How Does Probability of Innovation Change with Firm Age? Small Business Economics, 22 (3-4), 193-207
35. Jensen, J.B., McGuckin, R.H., and Stiroh, K.J. (2001). "The Impact of Vintage and Survival on
36. Productivity: Evidence from Cohorts of U.S. Manufacturing Plants", The Review of Economics and Statistics, 83 (2), 323-332
37. Johannisson, B. 1993 Designing supportive contexts for emerging enterprises, in Karlsson, G., Johannisson, B. and Storey D. (eds), Small Business Dynamics (London: Routledge) pp. 117–142.
38. Koster, S., A. van Stel, and M. Folkeringa. “Start-ups as drivers of market mobility: An analysis
39. at the region-sector level for the Netherlands.” Small Business Economics 39 (2012): 575–585
40. Lawson, C. 1999 Towards a competence theory of the regions, Cambridge Journal of Economics, 23: 151–166.
41. Love, J.H. and Ashcroft, B. (1999). "Market versus Corporate Structure in Plant-Level Innovation Performance", Small Business Economics, 13 (2), 97-109
42. Mackinnon, D., Chapman, K. and Cumbers, A. 2002 Learning, innovation and regional development: a critical appraisal of recent debates, Progress in Human Geography, 26(3): 293–311.
43. Maskell, P. and Malmberg, P. 1999 Localised learning and industrial competitiveness, Cambridge Journal of Economics, 23: 167–185.
44. Mason, C. 1991 Spatial variations in enterprise: the geography of new firm formation, in Burrows, R., Deciphering the Enterprise Culture: Entrepreneurship, Petty Capitalism and the Restructuring of Britain (London: Routledge) pp. 74–106.
45. Massey, D. 1995 Spatial Divisions of Labour: Social Structures and the Geography of Production, 2nd edn (Basingstoke: Macmillan).
46. Meijaard, J. (2001). Making sense of the new economy. Ecommerce Research Forum, 2(5), 27–57 (Massachusetts Institute of Technology).
47. Morgan, K. 1997 The learning region: institutions, innovation and regional renewal, Regional Studies, 31: 491–503.
48. Organisation for Economic Cooperation and Development 1998 Fostering Entrepreneurship (Paris: OECD).
49. Reynolds, Paul D., Michael Hay, William D. Bygrave, S.Michael Camp, and Erkko Autio, (2000).Global Entrepreneurship Monitor: 2000 Executive Report, Kansas city, MO; Kauffman centre for Entrepreneurial leadership.
50. Robbins, D.K., Pantuosco, L.J., Parker, D.F. and Fuller, B.K. (2000). "An Empirical Assessment of the Contribution of Small Business Employment to U.S. State Economic Performance", Small Business Economics, 15 (4), 293-302
51. Rodríguez, A.C., Molina, M.A., Pérez, A.L.G. and Hernández, U.M. (2003). "Size, Age and Activity Sector on the Growth of the Small and Medium Firm Size", Small Business Economics, 21 (3), 289-307
52. Romer, P. M. 1994. The origins of endogenous growth. Journal of Economic Perspectives, 8: 3–22.
53. Saxenian, A.-L. 2000 Networks of immigrant entrepreneurs, in Lee, C. M., Miller, W. F., Hancock, M. G. and Rowen, H. S. (eds), The Silicon Valley Edge: A Habitat for Innovation and Entrepreneurship (Stanford, CA: Stanford University Press) pp. 248–268.
54. Schumpeter, J. A. The Theory of Economic Development. Cambridge, MA: Cambridge University Press, 1934.
55. Shaffer, S. (2006). "Establishment Size and Local Employment Growth", Small Business Economics, 26 (5),439-454
56. Solow, R. 1994 Perspectives on growth theory, Journal of Economic Perspectives, 8: 45–54.
57. Van Stel, A. and Suddle, K. (2007). "The Impact of New Firm Formation on Regional Development in the Netherlands", Small Business Economics, forthcoming
58. Valliere, D., and R. Peterson. “Entrepreneurship and economic growth: Evidence from emerging
59. and developed countries.” Entrepreneurship & Regional Development 21:5–6 (2009): 459–480.
60. Wennekers, S., Thurik, R. 1999. “Linking entrepreneurship and economic growth”. Small Business Economics 13: 27-55.
61. Wood, P. 2002 Innovation and the growth of business consultancy: parallel but associated trends, in Wood, P. (ed.), Consultancy and Innovation: The Business Service Revolution in Europe (London: Routledge) pp. 17–34.