

Abstract for the Topic *Entrepreneurship Research*

Spatially oriented entrepreneurship research at a crossroad

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New Challenges for Entrepreneurship Research at Different Geographical Scales

During the last two decades interdisciplinary oriented entrepreneurship research focused increasingly on spatial aspects of entrepreneurial activities and entrepreneurship policies (cf. Malecki 1997, Thornton/Flynn 2003). A number of systematic studies were conducted on national (e.g., Reynolds/Storey/Westhead 1994, and the GEM reports) or regional scale (e.g., Fritsch/Schmude 2006:1, Sternberg 2006). However, subjacent geographical scales – larger cities and in particular their single districts and neighbourhoods - have drawn less attention of the research community, with some notable exceptions of studies for larger German cities (e.g., Schmude 2001, Koschatzky/Stahlecker 2006) On the other hand, regional studies on enterprise development often focused on smaller geographical levels such as small towns / industrial districts and the like. So far however, most articles on the contribution of geography to entrepreneurship explicitly focus on research at the national and regional level as well as on the linkage between these two scales (Sternberg 2000: 217), while the local dimension is implicitly addressed. This comes as a surprise, because empirical studies in geography show a strong linkage between the location of new ventures and the living place of entrepreneurs, i.e. their neighbourhood (Schmude 2001: 251). The local embeddedness of entrepreneurial activities is widely acknowledged, constituting an important element of the concept of relational economic geography (Bathelt/Glückler 2003: 128 with respect to Granovetter 1985). Moreover, policy makers and political activists have already adopted entrepreneurship promotion as a central means to economic revival specifically at local scale, e.g. in distressed urban districts of industrialized agglomerations (cf. Berg et al. 2004).

Against this background Steyart and Katz (2004: 183) ask what spaces so far have been privileged in the study of entrepreneurship and what other spaces the research community should consider in future. They refer to “less trendy” geographic places at the local scale, where the societal and cultural embeddedness of entrepreneurship becomes manifest. At this level several studies from the neighbouring disciplines of economic geography and regional economics deal with the “everydayness” and location factors of new venture creation, strongly focusing on those factors which influence an individual’s decision to act entrepreneurially, namely the (former) workplace, the neighbourhood with its public institutions and network organisations as well as the family and friends.

Here, spatially oriented entrepreneurship research faces the following new challenges: (1) to contribute in a more systematic way to empirical research on the nature and extent of the local embeddedness of entrepreneurial activities, (2) to integrate entrepreneurship concepts with theoretical approaches from neighbouring disciplines, and thereby (3) to contribute to a coherent multidisciplinary theoretical frame which helps to explain simultaneously the emergence of new ventures and economic activities at the local scale, and the interaction of driving forces and barriers to entrepreneurship across different geographical scales.

Aims, Topics and Methodology

In this context, the paper aims to provide an inventory of central themes and objects of research on national, regional and local level, their political relevance and implications and the preferably used methodological approaches. Moreover, the papers aims to identify suitable theoretical approaches from social and economic sciences, economic geography and urban studies which would allow to (re)structure spatially oriented entrepreneurship research in order to better understand entrepreneurial processes at and across the different geographical scales. More specifically, the paper sets out

- To discuss the present fields of research and popular methodological approaches with respect to entrepreneurial activities in cities and their urban districts or neighbourhoods,
- To identify similarities and differences in entrepreneurship research at different geographic levels with regard to objectives, methodology, theoretical foundation and addressees,
- To examine to what extent the concept of relational economic geography - which rests on theoretical approaches on social capital, trust and network development – as well as concepts of the “everydayness of entrepreneurship” (Steyaert/Katz 2004) can guide spatially oriented research on the societal embeddedness of entrepreneurial activities at the local level and its superimposed geographical scales.

The paper constitutes the first step of an ongoing joint interdisciplinary research study, where an entrepreneurship researcher and an economic geographer will systematically gather and review existing knowledge in order to identify future research areas for spatially oriented entrepreneurship research with a particular focus on the local layer. It will draw on a comprehensive review of publications from both perspectives. For the period 1995-2005, we will systematically review the main journals (e.g., *Regional Studies*, *Economic Geography*, *Entrepreneurship & Regional Development* and others), relevant conference proceedings and monographs in both areas. Articles identified will be downloaded and classified according to topics, methods, level of analysis, main results and implications.

Preliminary Results and Contribution of the Paper

A preliminary review of relevant literature illustrates that research on entrepreneurship in nations and regions is dominated by studies on the extent of start up activities, attitudes towards entrepreneurship, survival and failure rates as well as the macro- and microeconomic factors which determine entrepreneurial success. Most studies are based on statistical analyses of either statistical data or primary surveys like in the case of the Global Entrepreneurship Monitor or the German Regional Entrepreneurship Monitor. In Germany, some studies analyse cities in a similar way, for example the research of Fornahl/Brenner (2006) or Fritsch et al. (2004). Most such studies compare entrepreneurial activities between nations, regions, branches and different demographical groups (therein). Without any doubt this type of entrepreneurship research contributes strongly to a growing awareness amongst policy makers, opening their mind towards the influence of spatial differences with regard to entrepreneurial success. Nevertheless, these studies do not provide much information about localized socio-economic processes which influence location factors - the seedbed - for new ventures and the personal attitude and strategies of individual entrepreneurs. Furthermore, these studies do not tell much about the collective processes in which entrepreneurs themselves shape sector and spatial economic structures through their interaction with other agents of their immediate economical and social environment (Hayter 1997, Scott 2006).

Studies in economic and urban geography focus on the personal social and professional networks of young entrepreneurs (Schmude 2001). Other studies discuss at least to some extent the collective driving forces and barriers of entrepreneurship in distressed urban neighbourhoods (Galster 2001, Meegan/Mitchel 2001). Koschatzky and Stahlecker (2006) analyse the embeddedness of founders of knowledge-intensive firm in an innovation system at the city level, whereas Johnstone and

Lionais (2004) analyse how community leaders promote network organisations in order to ensure the economic and social revival of depleted communities via entrepreneurial activities which cross local and regional boundaries. These studies also face a growing demand by policy makers and community leaders at the city level. In contrast to national and regional studies official statistics at local level often do not exist or are lacking; hence, primary surveys - standardized questionnaires, personal interviews and group discussions - play an important role.

The contribution of the paper is mainly conceptually. With regard to a *spatially oriented theoretical foundation*, this paper will aim to illustrate that the concept of relational economic geography proves to be a useful frame for the analysis of entrepreneurial and related supportive processes at the local and at superimposed geographical layers. Its strength is the combination of ideas from different theories popular in entrepreneurship research: the concept takes into account path dependencies, emergence and embeddedness of both individual entrepreneurial activities and collective approaches which exert some influence on economic and spatial development. In this way the everydayness of individual entrepreneurial activities is linked to aggregated economic activities in a locality. Furthermore, with regard to the embeddedness of entrepreneurial activities this concept helps to analyse determinants, emergence, type, extent and results of horizontally and vertically directed interaction between individuals, organisations and groups of agents (networks). With this paper, we believe to make a contribution to identifying new and promising avenues for future spatially oriented entrepreneurship research which would allow us to better understand entrepreneurial processes at and across the different geographical scales.

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