

Entrepreneurship dynamics and regional economic development



Universiteit Utrecht

Niels Bosma

Supervisors: Veronique Schutjens, Erik Stam, Ron Boschma

N.Bosma@geo.uu.nl

Start date: 26 September 2005 • Full Manuscript: 25 September 2008

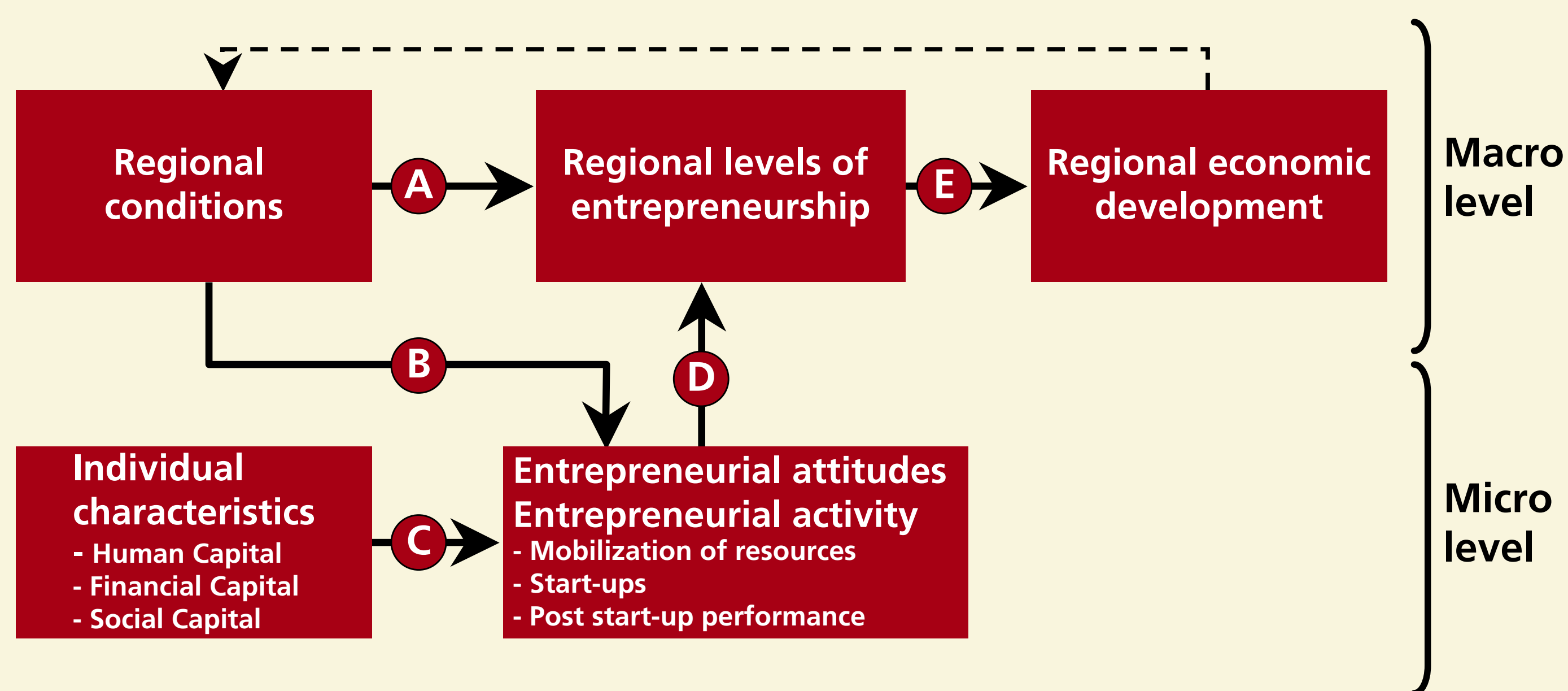
Research objective

Objective is to investigate the causal mechanisms between regional conditions and entrepreneurial activity at the individual level on the one hand, and entrepreneurship and regional economic development on the other hand.

Partial research questions

1. How do levels of entrepreneurial dynamics differ across regions and how has it developed in the Netherlands since 1988?
2. Which factors determine regional and national differences in entrepreneurship levels, and to what extent?
3. How and to what extent do regional conditions influence individual behaviour and performance in the start-up process?
4. What is the impact of regional conditions on regional levels of entrepreneurship through individual entrepreneurial activity and how do differences in regional conditions affect economic development via entrepreneurial processes in three contrasting Dutch regions?

Conceptual Model



Global Entrepreneurship Monitor

The Global Entrepreneurship Monitor (GEM) research program is an annual assessment of the national level of entrepreneurial activity. Initiated in 1999 with 10 countries, GEM expanded to 42 countries in 2007.

The research program, based on a harmonized assessment of the level of national entrepreneurial activity for all participating countries, involves exploration of the role of entrepreneurship in national economic growth. The methodology allows exploring several types and phases of entrepreneurship.

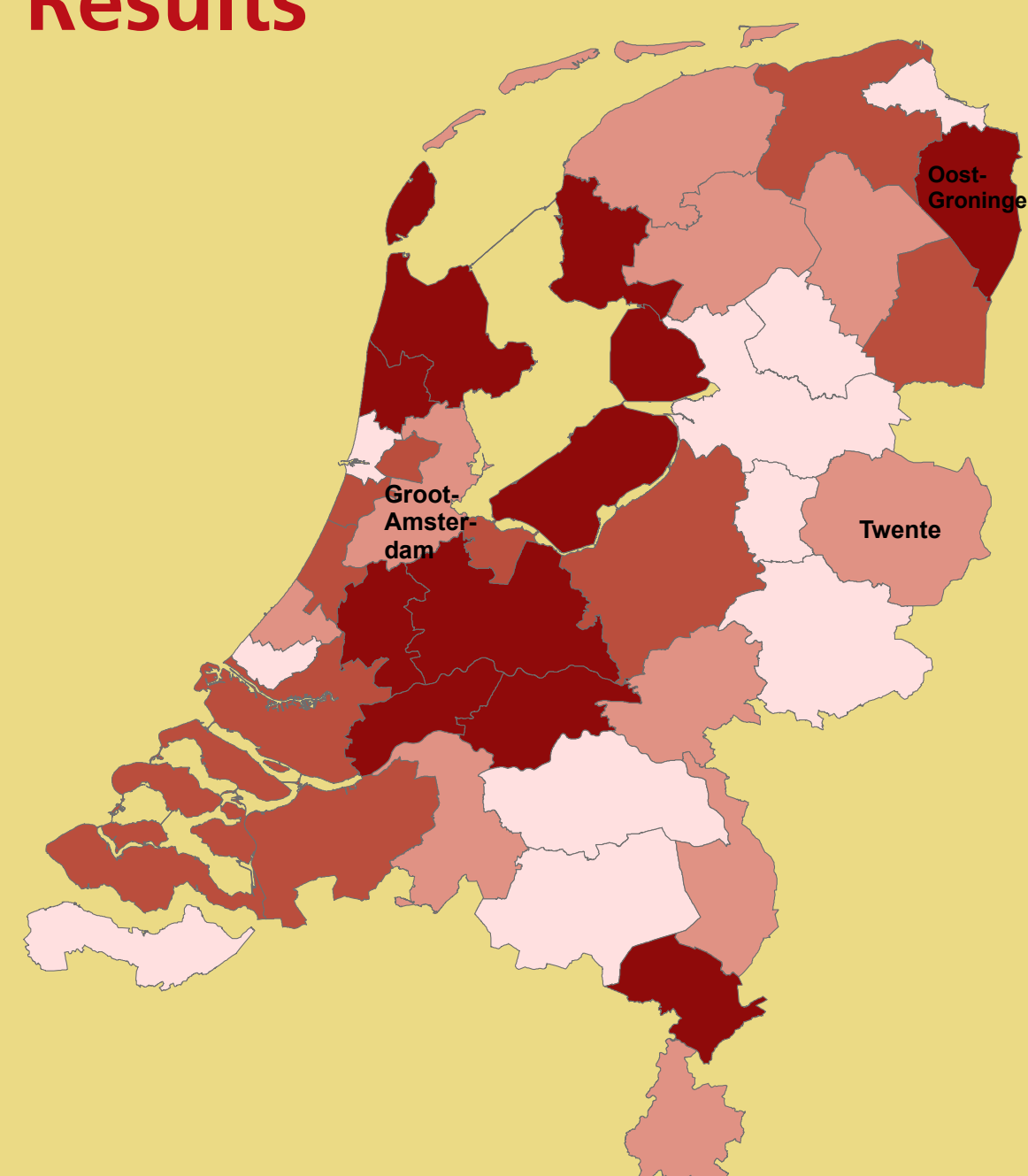
In the PhD project we use the individual data (some 300,000 observations in the adult population) for 2001-2006 to derive several measures on entrepreneurial attitudes and entrepreneurial activity for 125 European regions.



Contents thesis

Chapter	Relations	Method	Data	Status
1 Introduction				
2 Mapping entrepreneurial attitudes and entrepreneurial activity in European regions		Correlations, Cluster analysis	Europe GEM 2001-2006	Accepted
3 Determinants of ambitious entrepreneurial activity in European regions	A	Multi-equation regression (3SLS), regional level	Europe GEM 2001-2006	Submitted
4 Explaining individual involvement in entrepreneurial activity for European regions; a multilevel approach	A,B,C	Multilevel analysis (individual, regional, national)	Europe GEM 2001-2006	To be submitted
5 The geography of new firm formation: Evidence from independent start-ups and new subsidiaries in the Netherlands	A	Seemingly Unrelated Regression (SUR), regional level	Dutch Corop; Chamber of Commerce registration data	Published
6 Firm dynamics and regional economic growth in the Netherlands	E	Generalised Method of Moments (GMM) - Panel data analysis	Dutch Corop; Chamber of Commerce registration data	Submitted
7 Whither a flat landscape? Regional differences in entrepreneurship in the Netherlands	B,C,D	Logit, multilevel	Dutch REM 2007 (three regions)	To be submitted
8 Entrepreneurial activity & economic growth in European regions	A,B,C,D,E	Multilevel analysis (individual, regional, national)	Europe GEM 2001-2006	
9 Conclusion				

Some Results



Independent entry rates

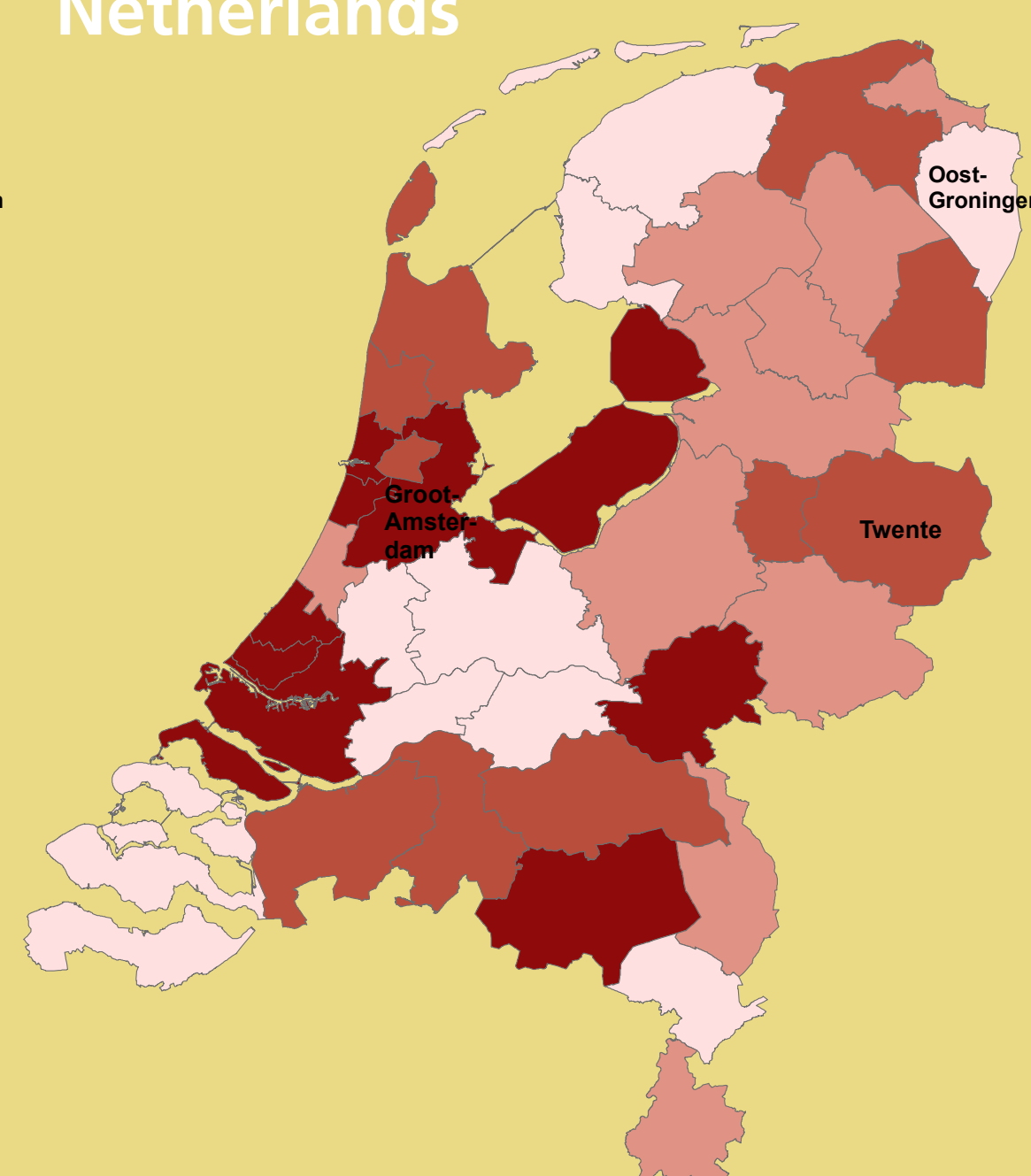
Explanation of regional & time variation:

- Growth value added (+)
- Unemployment rate (-)
- Relaxation Establishment Act (+)

Controlling for individual level characteristics (for three regions indicated in the maps)

- Observed differences in early-stage entrepreneurial activity rates become non-significant
- Observed differences in perceived opportunities to entrepreneurship remain significant (Region of Groot-Amsterdam highest)
- Oost-Groningen has relatively more people perceiving to have the skills and knowledge to start a business
- Region of Twente has the highest rate of innovation oriented early-stage entrepreneurial activity

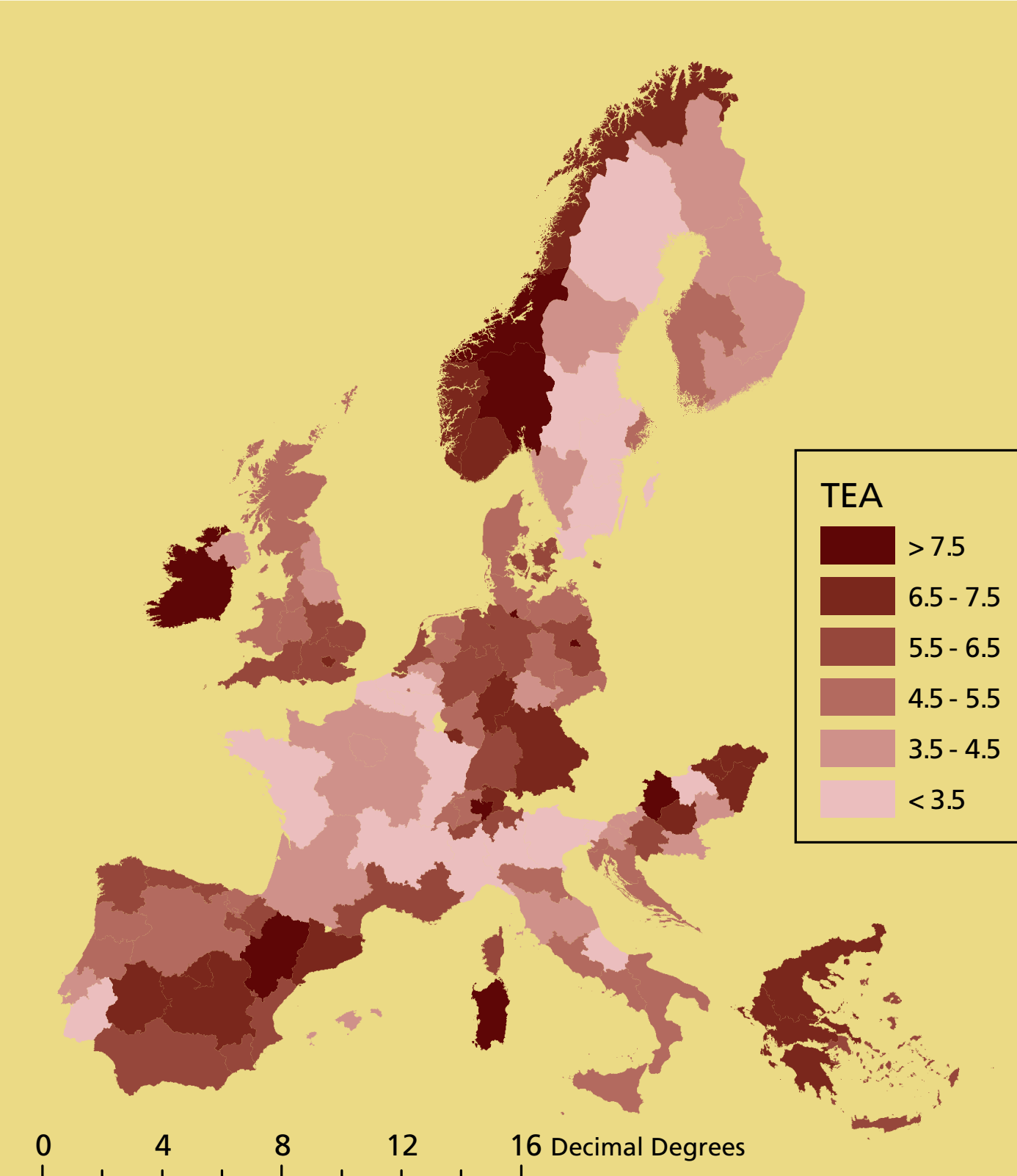
Netherlands



New subsidiaries rates

Explanation of regional & time variation:

- Degree of urbanisation (+)
- Population growth (+)

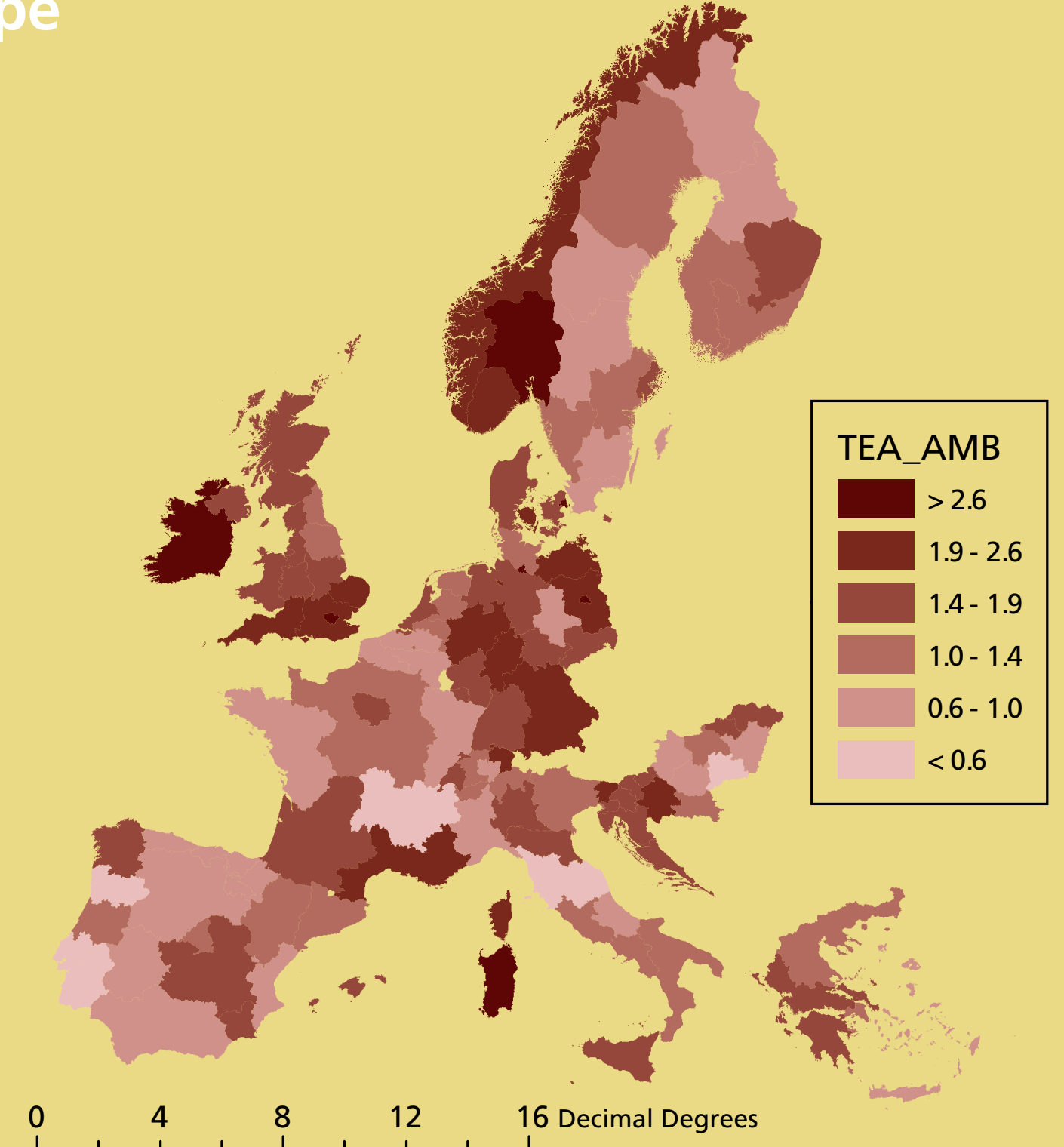


Total early-stage entrepreneurial activity rates

Controlling for individual level characteristics

- Gross regional product (U-shape)
- Perceived opportunities for starting business (+)
- Perceived capabilities to start business (+)
- Fear of failure when it comes to start a business (-)
- National degree of employment protection / social security level (-)

Europe



Ambitious early-stage entrepreneurial activity rates

Controlling for individual level characteristics

- Population density
- Gross regional product (U-shape)
- Perceived capabilities to start business (+)
- Fear of failure when it comes to start a business (-)
- National degree of employment protection / social security level (-)