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REGIONAL TRANSFORMATION AND REGENERATION THROUGH ENTREPRENEURSHIP: EVIDENCES FROM BRAZILIAN INDUSTRIAL DISTRICTS (SUMMARY)

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SUMMARY

REGIONAL TRANSFORMATION AND REGENERATION THROUGH ENTREPRENEURSHIP: EVIDENCES FROM BRAZILIAN INDUSTRIAL DISTRICTS

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Principal Topic

Venkataraman (2004) discussed the possibilities of technical entrepreneurship as a lever to achieve regional transformation and suggested that public policies and entrepreneurial strategies should focus on “intangible factors” such as focal points capable of producing novel ideas, gateways for large markets, executive leadership, among others, instead of (or in addition to) the “tangible factors” such as the provision of capital or tax incentives. In a similar vein, Molina-Morales et al. (2002) analyze the role of local institutions as intermediary Agents capable of promoting the strengthening and consolidation of industrial districts. With the present study we tried to answer to the following questions: a) were the “intangible factors” present in the district formation and trajectory? If so, what was their importance in the district trajectory and performance?; b) does the non-technological entrepreneurship (entrepreneurship in mature industries) have the potential to promote regional transformation, as well as technological entrepreneurship? These are crucial questions for developing countries where technology is a scarce resource.

Method

We surveyed, using questionnaires, 72 Brazilian industrial districts in 18 of the 27 Brazilian states, comprising five different industry sectors. We also used secondary data to measure socio-economic conditions and evolution in the regions that host the districts. We used a combination of Factor Analysis and Multiple Regression Analysis in order to answer our research questions.

Results and Implications

Our first result was the operationalization of the “Intangible Factors” and, using factor analysis, we confirmed that they form a construct different from the “tangible factors” usually adopted in policies aimed at fostering industrial districts through entrepreneurship. The factor analysis also allowed the comparison of different components and the identification of their distinctive contribution to the “Intangible Factors” construct. We calculated factor scores and used them to ran multiple regressions to test the impact of the intangible and tangible factors to the region transformation. We found significant evidence that entrepreneurship, even in mature industry sectors, has a significant impact on the region regeneration and transformation, and identified a strategic role for the “intangible factors”. We believe that our results can help policy makers to improve the effectiveness of policies and instruments.

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