TILLING HIGH GROWTH ENVIRONMENTS: A STUDY OF THE COMPLEX NATURE OF ENTREPRENEURSHIP POLICY AND REGIONAL JOB GROWTH (SUMMARY)

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Principal Topic

An important line of inquiry bridging entrepreneurship and public policy are studies on industry agglomeration and business clusters which find evidence that these phenomena are common in regions experiencing increased economic development (Delgado, Porter, & Stern, 2010; Porter, 1990; Saxenian, 1994). However, apart from studies on university knowledge spillovers and venture capital, less is known about the interplay of other economic development agents that also attempt to stimulate entrepreneurship. This study uses complexity theory (Anderson, 1999) to study whether the agglomeration of business incubators and similar economic development services results in increased entrepreneurship rates and job growth.

Complexity theory views environments as comprised of a large number of agents that have many interactions with one another. Because agents make decisions according to the observed decisions of other agents, the behavior of the complex system can be difficult to predict and nonlinear. These assumptions give rise to the possibility that small changes in decisions can dramatically impact the behavior of the system and vice versa (Anderson, 1999). Thus, this study blends the logic of complexity theory with the formation of entrepreneurial ecosystems to study whether the entry of new economic development agents results in positive regional economic outcomes.

Method

The study draws on data from a national census of business incubators and their tenants which tracks a population of 985 business incubators and their associated 18,000 tenants between 1990 and 2008. We drew a sample of 101 U.S. business incubators from this database, which includes the 56 incubators with the highest growth tenants and the 45 incubators with the lowest growth tenants. By controlling for regional entrepreneurship programs such the number of business associations devoted to economic development, we seek to understand how the aggregation of these programs in a region might tip entrepreneurship rates and regional job growth to an above average rate regionally.

Results and Implications

The use of complexity theory to study entrepreneurship and economic growth allows us to challenge the linear logic that is often assumed in entrepreneurship and agglomeration policies. Advances in complexity theory research (Boal & Schultz, 2007; Hunt, Osborne, & Boal, 2009) lend us the theoretical support necessary to develop practical recommendations about the dynamic relationship between economic development policies and entrepreneurial behavior.

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