THE GREAT RECESSION OF 2008-2009 AND REGIONAL ENTREPRENEURSHIP: IDENTIFYING CULTURAL RESILIENCE FACTORS (SUMMARY)

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Principal Topic

The economic recession of 2008-2009 is widely regarded as the worst economic collapse since the Great Depression. The present study focuses on regional resilience factors that may have offered some “protection” from the slowdown in economic activity during this crisis. Drawing from the entrepreneurial-culture approach (Audretsch & Keilbach 2004; Davidsson & Wiklund 1997) and psychological research suggesting a personality-based measure of entrepreneurial culture (Obschonka et al., 2013), we examine whether a prevalent regional entrepreneurial culture predicts a smaller decline in regional startup rates during the crisis, above and beyond the effect of economic resilience factors.

Method

We analyze data from the Gosling-Potter-Project from the US (N= 1,112,537) and the BBC-Psychology-Project from the UK (N=425,800). Personality was collected at the Big Five level (E:extraversion, C:conscientiousness, O:openness, A:agreeableness, N:neuroticism), employing the Big Five Inventory (44 items; John & Srivastava 1999). To compare different regional measures of an entrepreneurial culture, we aggregate both the single Big Five Traits and the configural entrepreneurial personality profile (high values in E,C,O; low values in A,N within the person; Obschonka et al., 2013) (366 MSA's in the US; 366 LAD's in the UK). The change in the region's entrepreneurial vitality is measured by the percentage of change in the region's startup rate between 2007 and 2009. The regional economic resilience factors are: economic diversity, human capital, relative size of the financial sector, and degree of inclusion into international trade.

Results and Implications

In both the US and the UK, regions with lower neuroticism and a higher entrepreneurial personality profile showed a significantly smaller decline in the local startup rate during the crisis. High openness also had a buffering effect, but only in the UK. These effects were robust when controlling for the set of economic resilience factors. Taken together, these results provide support for the entrepreneurial-culture approach by illustrating the relevance of cultural, non-economic regional factors for the region's entrepreneurial vitality under difficult macro-economic conditions such as economic shocks.

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