

BOOK REVIEW

Charlie Karlsson, Martin Andersson and Lina Bjerke (Eds), *Geographies of Growth. Innovations, Networks and Collaborations*, Edward Elgar 2017

By: Alina Irina Popescu, Bucharest University of Economic Studies, Department of International Business and Economics, e-mail: alina.popescu@rei.ase.ro

The aim of this book is to discuss ground-breaking ideas, concepts, theories and methods specific to the geography of growth by taking into account the recent fundamental transformations that have changed the structure and the functioning of the world economy. One significant transformation that set the premises of the theoretical and empirical works presented in this volume is represented by the increasing role of urban regions which function as hubs and gateways for information, knowledge, innovation and entrepreneurship in a global network.

The volume adds important knowledge to the field of economic geography from the new economic growth theory perspective. It is divided into four parts that deal with specific issues: (1) Geography of Structural Change, Employment and Productivity; (2) Geography of Entrepreneurship and Business Dynamics; (3) Geography of Innovations, Cooperation and Growth; and (4) University Spin-Offs: Barriers and Challenges.

Part I. Geography of Structural Change, Employment and Productivity sets the ground for the subsequent analyses by discussing the structural characteristics of the economic landscape that have the potential to stimulate development and economic growth. The first Chapter, *Introduction*, begins by discussing the importance of taking a geographical perspective when analysing growth and by underlining the role of urban regions in international trade. At present, large and functional urban regions are information, knowledge, innovation and entrepreneurship hubs. Researching their contribution to growth calls for a novel approach based on theories of international innovation, collaboration and networks. Next, the factors that

contribute to developing successful urban regions are discussed, followed by the opportunities and challenges small and medium-sized regions face. The chapter ends with the presentation of the main chapters of the volume.

The second Chapter, *Exploring regional differences in the regional capacity to absorb displacements*, co-authored by Kristina Nystrom and Ingrid Viklund Ros, deals with the issues of job displacement and the capacity of Swedish regions to absorb displaced employees by business closures. Using matched firm-employee data for the Swedish regions during the time period 2001 to 2009, the authors found substantial regional variations in terms of the re-employment of displaced workers across Swedish regions. They argue that the characteristics of the regional economic environment may be important for explaining the substantial variation in the re-employment capacity of a region. For instance, expanding regions in terms of employment and population have better possibilities to absorb displaced workers. Furthermore, the regional capacity to absorb displaced workers is also influenced by the sector composition in the region and the origin of displacements (p. 38).

In Chapter 3, *Productivity and cross-border accessibility to human capital: a study comparing Norwegian and Swedish border regions*, the authors Tobias Arvemo and Urban Grasjö, investigate the extent to which economic productivity in the border regions is affected by accessibility to highly educated labour. Border regions benefit from the cross-border market integration between two countries with effects on the regional labour market generated by migration, trade and foreign direct investment. The accessibility to human capital was evaluated at three levels: local, intra-regional and inter-regional. The authors empirically demonstrate that inter-regional cross-border accessibility to human capital does influence productivity on both sides of the border. As such, a subsequent conclusion formulated by the authors suggest that functional economic regions might expand beyond the national borders.

In Chapter 4, *Inter- and intra-regional balance: drivers of change and development*, Andreas P. Cornett investigates how the structural change in the economies toward knowledge-driven and innovative production systems influence the inter- and intra-regional balance in general, and the rural and non-metropolitan regions in particular. After a brief assessment of the rural-urban divide in Europe, the author focuses on the current situation in Denmark. The drivers of structural change and development are both generally and globally as well as specifically and regionally embedded. They have to be analysed in a complex multidimensional framework based on both classical concepts of spatial specialization, theories of agglomeration and new economic growth theory (innovation, entrepreneurship, information and communication technology and human capital). In the case of Denmark, the author concludes

that the endogenous potentials in rural and intermediate city regions reflect more often an outdated economic base and do not entirely facilitate development strategies meant to break old trajectories (p. 90).

The research area of convergence is enriched by the study presented in Chapter 5. In *Is the convergence debate over? Structural changes and labour productivity* Amjad Naveed investigated the role of structural change in ensuring labour productivity at country, regional and industry levels. Using data for 19 EU countries, 256 regions at NUTS 2 level and six industries during the period of 1991-2009, the author finds that convergence indeed takes place at all levels (country, regional, industry) after incorporating structural change, but the speed of convergence differs. More precisely, the speed of convergence is faster at the regional level compared to country and industries when incorporating structural change. The author argues that this might be explained by regions being more specialized, united and integrated than countries are (p.122).

Part II of the book is devoted to the topics of **Entrepreneurship and Business Dynamics** from a spatial perspective. In Chapter 6, *A local perspective on entrepreneurship and informal institutions*, co-authors Sabrina Fredin and Marina Jogmark investigated how local differences in informal institutions possibly affect entrepreneurship. Two case studies for the municipalities of Linköping and Norrköping were prepared based on secondary and primary data collected through 23 semi-structured interviews with entrepreneurs who started knowledge intensive companies, representatives from the municipal administration, representatives of incumbent companies, and labour unions. Social norms that were assumed to influence local entrepreneurship were grouped in three categories: local norms encouraging loyalty, local norms encouraging conformity / heterogeneity, and local norms encouraging ambition. The authors argue that the informal institutional foundation has changed over time being challenged by entrepreneurial activities and by the younger generation. More precisely, they argue that the norms of family loyalty and conformity have gradually being weakened (p. 159).

Next, in Chapter 7, *Revisiting broadband and new firm dynamics*, Jitendra Parajuli and Kingsley E. Haynes studied the role of information technology infrastructure (broadband, in particular) in the formation of new firms in the states of Ohio and Florida (USA). Spatial heterogeneity in relation to broadband and new firm formation was examined using an economic model based on OLS and GWR models. Findings show that firm formation and broadband provision were non-stationary, and that the local models provided a better fit compared to the global OLS models at both the aggregate and economic sector levels (p. 198).

Two important conclusions drawn from this study are: first, there are spatial variations of broadband Internet and economic returns, and second, regional comparative advantages given by broadband accessibility are formed over time; that is, simply increasing the availability and accessibility of broadband does not necessarily attract new entrepreneurial ventures.

The objective of Chapter 8, *The impact of individual characteristics and regional agglomeration on the survival of self-employed firms*, by Viroj Jienwatcharamongkhon and Sam Tavassoli was to examine whether individual traits and characteristics of the founders of self-employed firms together with agglomeration economic variables affect the survival of these firms. The agglomeration economies were categorized into three groups namely: urbanization or the size of the market, Jacobian externalities or the diversity of a region, and Marshallian or localization externalities. Data used were related to a cohort of self-employed firms that were established in 1990 whose longevity was traced over a period of 21 years, covering all industries in Sweden. Main findings show that age had a negative impact on firm's survival, female founders were more likely to exit their business, especially in the manufacturing sector, and that immigrant founders were worse off in capital- and knowledge-intensive sectors (p. 217).

Next, in Chapter 9, *Variations in new firm life duration for immigrant and native entrepreneurs*, the co-authors Veronique Schutjens, Nardo de Vries and Anne Risselada examined the degree to which the longevity of new firms established in Amsterdam differed between native and immigrant entrepreneurs. Their multivariate analysis combines the entrepreneurs' characteristics, firms' characteristics and market (context or neighbourhood) characteristics. The main conclusion of this study is that there is a relatively low survival chance of non-western immigrants' new firms in the first two and a half years due to a composition effect. In addition, the authors argue that the location choice is very important in the early stage development of the immigrants' firms with several implications for policy making. For instance, spatial and economic development plans should consider ways to foster immigrant entrepreneurship (p. 260).

Chapter 10 *International outsourcing and the global value chain: evidence for Sweden* by Trudy-Ann Stone examines the evolution of Swedish trade in value-added using inter-country input-output tables. Using measures of production sharing that deconstruct the share of production that incorporate imported intermediate inputs, the study looks at the degree to which Swedish industries have become more integrated into global value chains. The researcher found that Swedish industries are located predominantly downstream in the global value chain, and argued that Swedish industries largely specialize in high value-added activities

downstream in the global value chain. Also, the research tested whether the distance-sensitivity of an industry is related to its position in the global value chain. Along this line, the results showed that more upstream industries are indeed more sensitive to trade costs (p. 291).

Part III includes chapters that deal with the **geography of innovation, cooperation and growth**. More precisely, the studies look at cross- border innovation cooperation, the geography of innovation by creative workers and high-tech clusters, as well as the role of local knowledge resources in driving new export products.

In Chapter 11, *Knowledge absorption in the development of export products*, Peter Warda and Borje Johansson examine the ways in which a firm's knowledge intensity and proximity to the local and regional supply of knowledge-intensive business services affect the firm's introduction of new product ideas intended for export. The chapter begins with a theoretical framework for knowledge mechanisms within the firm covering the issues of developing and exploiting internal knowledge, accessing external knowledge and combining the internal and external knowledge for the introduction of new export products. Next, the analysis of the knowledge intensity of the Swedish manufacturing firms with new export products is performed over the period 2000-2008. In this sense, the authors studied the two knowledge sources represented by the firm's knowledge intensity and the firm's external knowledge potential. The effect from the conjunction of the two knowledge sources (i.e. the firm's absorptive capacity) on new export products was measured. The authors argue that the probability of introducing new export products increases with the size of internal and conjunction knowledge, and with the size of the firm. Moreover, the probability is significantly higher for firms belonging to a multinational company group which reflects the access to global knowledge sources (p. 322).

Chapter 12 by Rannveig Edda Hjaltadottir, Teemu Makkonen and Nils Karl Sorensen looks at *Cross-border innovation cooperation: partner selection, national borders and knowledge bases*. The study contributes to the literature on the choice of international business partners for innovation cooperation by employing a multivariate probit model that simultaneously estimates the decisions of participating in innovation cooperation with partners from four different areas of the world: Denmark, the European Union, the United States and Asia (China and India). According to the study, firms located in border regions were more likely to choose a foreign partner for innovation cooperation than firms in other regions. Also, larger firms are more likely to participate in innovation cooperation and in cross-border cooperation. Investments in research and development activities increases the likelihood for firms to participate in cross-border cooperation. These issues (ie. size, border proximity, R&D

investments) should be taking into account when developing policies aiming to strengthen international cooperation.

Next, in Chapter 13 *Creative class vs. individual creativity: a multi-level approach to the geography of creativity*, Christoph Alfken combines economic theory with psychology in a novel approach to study the characteristics of the creative class. The research reveals a complex interplay of individual creativity, human capital, entrepreneurial activities, occupational and the regional context. By using data from the German Socio-Economic Panel, Alfken reveals the importance of soft-location factors. Moreover, creative individuals are associated with an urban, amenity-rich and open environment (p. 389). By using an occupational approach to identify creative individuals, Alfken reached interesting findings among which we mention: creative individuals are unevenly distributed across occupations, bohemians are the most creative individuals of the creative class but they earn less than the rest of the workforce, while professionals and core members can capitalize on their creativity in terms of personal income (p. 390).

Part IV. University spin-offs: barriers and challenges consists of Chapter 14 *Barriers to the generation of university spin-offs: a case study of Vienna* by Harvey Goldstein, Verena Peer and Sabine Sedlacek. This study focuses on the local innovation ecosystem of Vienna, but the topic has relevance for any region. Findings indicate that the main perceived barriers to the generation of university spin-offs in Vienna relate to the lack of: 1) business and entrepreneurial skills and training opportunities; 2) seed funding from universities and the difficulty of attracting private investors from the region at later stages; and 3) awareness by university researchers of commercialization potential of their research (p. 430). The identified strengths of the Vienna innovation ecosystem include the volume and the degree of scientific talent and market reach. The research offers valuable insights to university management and policy-makers when developing strategies aimed at increasing academic entrepreneurship and furthermore, creating economically sustainable economies.

This volume contains new empirical and conceptual works by an interdisciplinary group of leading scholars from areas such as economic geography, innovation studies, political science, regional science. By discussing ground-breaking ideas, concepts, theories, methods and frameworks applied to the topic of economic growth, the book proves to be a very useful guide to novel approaches and original results.