

Competitiveness of locations: the effects of regional innovation and entrepreneurial practices

2

Introduction

The focus of this introduction article to the special issue is on the competitiveness of locations from an innovation and entrepreneurship perspective. The competitiveness of locations is a high potential research area as it combines economic geography, international business and regional economics. There is more emphasis on the competitiveness of a location because of the increased mobility of people and businesses to reside in their choice of location. This has meant there is increased competition amongst regions to attract the best people and industry (Viassone *et al.*, 2016). The competitiveness of a location is a combination of its ability to generate employment and business opportunities for its residents. Regions have developed from the competitiveness of locations because of the entry and exit of industry (Boschma and Frenken, 2011). To sustain a region's competitiveness, it needs to focus on entrepreneurial practices (Bondonio and Greenbaum, 2014).

The composition of a region or place depends on how the resources in the area are reconfigured for entrepreneurial reasons. As Brekke (2015, p. 202) states "growth conditions tend to be better in regions with place-specific factors and conditions that lead to local knowledge spill overs between related industries". This helps a location build a competence in specific industries that can lead to innovative pathways and enable firms wanting to locate in regions that have related industries, which complement their own business (Asheim *et al.*, 2011).

The main ways to measure competitiveness are by analysing a regions quality of life, prices for products and access to services (Dijkstra *et al.*, 2011). The proactive nature of a region in terms of its competitiveness means it can focus on entrepreneurship because it enables the increase of economic growth rates. Yahiaoui *et al.* (2016, p. 169) states;

[...] competitiveness is a very complex phenomenon which is influenced by the interaction of many factors such as internal capabilities, the external environment, the business context, the government, social agents, culture, globalization, etc.

Most definitions of competitiveness focus on prosperity of a region from the ability to create products or services whilst earning financial returns. This leads to a need to understand how to increase the competitiveness of a location in terms of regional innovation. Competitiveness of locations means to achieve more profitable growth in competing markets by involving surviving setbacks based on new locations offering new services (Barbosa *et al.*, 2010).

Part of the importance of competitiveness for many regions is the ability to use opportunities to develop long-term profitability. This is important in today's knowledge economy, which places importance on sharing information amongst stakeholders to survive (Estevão and Ferreira, 2012). The competitiveness of a location is impacted by the micro-



and macroenvironment. The microeconomic environment is more concerned with how businesses, individuals, institutions and the government interact with each other (Yahiaoui *et al.*, 2016). Some forms of entrepreneurship are orientated at the microeconomic environment in terms of changing the regulatory environment. To differentiate location competitiveness, it is important to focus on microeconomic determinants that influence internationalization decisions for firms (Ketels, 2008). The macroeconomic environment refers more to the international trends influencing regions such as social changes and technological innovation. For this reason entrepreneurship that is more global in nature will affect the competitiveness of locations.

The resource endowments of a region affect its competitiveness in terms of tangible and intangible resources. Tangible resources include natural resources such as location close to sea ports or other major city centres. These resources can be exploited by locations if utilized in the right way. An example of locations utilizing entrepreneurial practices in this way is Hong Kong, which has claimed parts of its seaport for office buildings. Intangible resources refer to human capital and knowledge workers that are located in a specific region. Examples of these locations include the city of Austin in Texas, which is located away from other major cities but is considered a creative hub. This is due to the location being attractive for its art and music atmosphere. Locations that focus on knowledge are able to increase the market share of firms in the knowledge economy whilst increasing living standards of the community. This is due to the existence of knowledge spill overs in which information is shared accidentally to other firms in the same location.

The main drivers of a regions competitiveness are entrepreneurship and innovation, which are facilitated by knowledge creation (Momaya, 2016). To compete globally, regions need to coordinate resources to provide the best performance. This can involve developing location-specific advantages as a source of competitive advantage (Gugler *et al.*, 2015). Porter (1990) focused on national competitiveness to explain the development of industries. This has led to there being more interest in location competitiveness due to global economic events and political uncertainty.

Location means a place such as a city, region or area that has a distinct geographic space. Due to increased global competitiveness about where best to locate a business, there has been an emphasis on how locations compete. Locations that have a high supply of knowledge workers with the appropriate infrastructure are more competitive. Some companies are located in specific regions due to the ability to access knowledge workers that can contribute to research and development. This is important as more innovative products and services are required by global firms. Other locations compete on price such as hourly wage rates or government incentives to invest in a region. The autonomy or independence of a location also influences its competitiveness. This is seen in some locations having tax-free status that attracts foreign companies.

Overview of papers

The first paper titled, "The nature of publicly funded innovation and implications for regional growth: Reflections from the Sheffield city region" written by Chay Brooks, Cristian Gherhes, Tim Vorley and Nick Williams examines business innovation in the manufacturing and materials business through a qualitative study using semi-structured interviews. The results of the study indicate technology innovation rather than business model innovation is more important in driving innovation led regional economic growth. Thus, regional competitiveness is enhanced when there are more businesses focusing on technology innovation processes.

The second paper titled, “Small scale entrepreneurship—understanding behaviours of aspiring entrepreneurs in a rural area”, written by Susanne Gretzinger, Simon Fietze, Alexander Brem and Tochukwu Ogbonna, analyses the role of networking amongst entrepreneurs in a Danish rural area to understand its effects on regional development. The study focuses on how young aspiring entrepreneurs need help with developing their businesses and can exploit information dissemination in network relationships. This is important in understanding network ties existing in rural communities that influence regional competitiveness.

The third paper, “Effect of governance on entrepreneurship: European Union vs non-European Union”, written by David Rodeiro-Pazos, María J. Rodríguez-Gulías and Vítor M. de Sousa Gabriel, discusses the role of government and public institutions on the creation of new companies. The different governance rates between the European Union and non-European Union are analysed as a way of understanding the effects of regional innovation strategies. This helps develop a better understanding about the role of location and economic integration on regional competitiveness.

The fourth paper titled, “The locations of innovation described through thirty-nine tech campuses”, written by Flavia Curvelo Magdaniel, Alexandra Den Heijer and Hans De Jonge, suggests that the location of higher education institutions should be based on the competitiveness of a location. To analyse the decisions about location competitiveness, a number of different campuses of higher educational institutions was compared to understand their effects on innovation processes. This helps to understand how public policy planners can utilize innovation connectivity to implement better competitiveness strategies.

In the fifth paper, titled “Management design as a strategic lever to add value to corporate reputation competitiveness in higher education institutions”, Paula Fernandes, Soraia Maduro and Albano Alves focus on the competitiveness of locations by highlighting the role of corporate reputation in regional innovation strategies. The role of education communities in terms of identity and image were analysed through a survey. The findings of the paper suggest that design structures and corporate reputation of education institutions enhance their competitiveness in the marketplace.

Finally, the sixth paper “The role of geomarketing and location determinants on business development and decision making”, written by Veland Ramadani, Donika Zendeli, Leo-Paul Dana and Shqipe Gerguri-Rashiti, stresses the role of geomarketing in influencing the decision of businesses to locate in a specific region. The paper highlights how the integration of geographical intelligence into marketing can help understand digital trends in regional innovation policies. This is an important way to analyse the effect of technological marketing through a regional economic planning process.

Concluding remarks

The purpose of this introduction to the special issue was to analyse the growing importance of location competitiveness from an entrepreneurship and innovation perspective. The key research question in each of the papers included in this special issue is: What are the effects of regional innovation and entrepreneurial practices on the competitiveness of locations? The contributions of the papers in this special issue come from a number of international scholars with a range of theoretical underpinnings all related to location competitiveness. The role of locations for competitiveness was explored from a variety of industry sectors in this special issue. The findings of the papers in this special issue enhance our understanding about the role of location for global competitiveness. This helps to build the body of research about location and competitiveness that integrates innovation and entrepreneurship.

The papers in this special issue open up exciting new research possibilities about entrepreneurship, innovation and the competitiveness of locations. Guest editorial

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5

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Further reading

- Ferreira, J.J., Ratten, V. and Dana, L.P. (2017), "Knowledge spillover-based strategic entrepreneurship", *International Entrepreneurship and Management Journal*, Vol. 13 No. 1, pp. 161-167.