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***Entrepreneurship and Development from Regional Perspective.
Exchange of Academic Experiences among
Erasmus+ Program Countries***

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Abstract book

Speaker profiles



PROF. MICHAEL FRITSCH, PHD

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Regional Trajectories of Entrepreneurship, Knowledge, and Growth

Regional levels of entrepreneurship follow long-term trajectories. Not only do 'regions matter', but perhaps even more importantly, 'history matters' for growth. The empirical analyses for the case of Germany show that there are substantial differences in the levels of available knowledge, entrepreneurship, and innovation activity across regions, in earlier times as well as today. In particular, there is significant correspondence between the historical and the current levels of these factors. The empirical analysis suggests that a historical tradition of entrepreneurship and innovation activity may create a regional culture of entrepreneurship that has an effect on regional growth and prosperity today. Using examples of Germany, Kaliningrad, and Poland it is shown that such a regional culture of entrepreneurship is a long-term resource that is able to 'survive' disruptive shocks of the socio-political environment. Conclusions for policy and for further research are discussed.

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Tocqueville in Poland: Social self-organization, business support policies of local authorities and entrepreneurship

The paper explores which elements of local authorities' policies correlate positively with local entrepreneurship rates proxied by new firms' registration per capita. Based on a survey of random sample of Polish communes we construct policy indicators and next merge this information with data on communes obtained from the Polish Statistical Office. We run OLS, multilevel, and quantile regressions with entry rates as dependent variable. Local policies supporting social and economic self-organisation stand apart as exhibiting the strongest positive correlation with entrepreneurship, and with entry in knowledge-intensive branches in particular. Specific policy measures have different impact according to sector of activity, and low versus high level of local entrepreneurship. Presence of foreign capital has complex pattern of associations with entrepreneurship, with positive spillover effects being stronger than negative effects of increased competition for resources.

LÁSZLÓ SZERB, PHD

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A system dynamics approach for assessing business competitiveness

László Szerb, PhD; Esteban Lafuente, PhD; András Rideg, PhD

The analysis of how the associations between resources and capabilities condition business competitiveness is the focus of this study. This paper proposes a managerial tool to evaluate business competitiveness. Specifically, our measure reflects the multidimensional nature of competitiveness by connecting the resource-based view and the configuration theory in a model that considers the mutual dependence of resources and capabilities in shaping organizational competitiveness. Drawing on the resource-based view and the configuration theory, this study proposes a multidimensional competitiveness index formed by 10 competitive pillars and 46 variables that incorporates system dynamics in the analysis. Competitiveness is defined as the mutually dependent bundle of ten pillars—human capital, product, domestic market, networks, technology, decision making, strategy, marketing, internationalization, and online presence—that allow a firm to effectively compete with other firms and serve customers with valued goods/services. Using a unique sample of 625 Hungarian small and medium-sized firms, we empirically illustrate how the proposed index functions for managerial decision-making purposes. Results show that the impact of competitiveness-enhancing strategies is conditional on the configuration of the system of competencies. Low-competitive businesses benefit more from investments in the weakest competitive pillar, while strategies oriented to improve more than one competitive pillar yield higher competitiveness improvements among high-competitive businesses. The findings indicate that competitiveness positively impacts performance, and that the exploitation of competitive strengths leads to superior results among high-competitive businesses.



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Evolutionary institutional dynamics and its relevance for scaling up entrepreneurial ventures

Evolutionary economics (see already in Schumpeter, 1911) and its perception of the evolutionary processes in the economy provides an extremely inspirational framework for thinking about entrepreneurship and its impact on the institutional change, and vice versa. The evolutionary aspects of economic development are particularly relevant when we take into consideration the institutional dynamics driven by the implementation and application of new technologies as more efficient production and organizational processes gain importance. In our research we show empirical evidence of institutions which have evolved over time in order to protect established profitable business models of companies and whole industries. Particularly with the ongoing digitalization in the industry and finance we see the operating efficiency of companies increasing due to the application of powerful new technologies such as blockchains. From the perspective of the evaluation of new entrepreneurial ventures we see two relevant forces which will be influencing doing business and competitiveness of incumbent companies in the future: (i) on one hand we observe the institutional pressure generated by self-protection of the already established firms, (ii) than we witness the enormous regulatory burden imposed on all companies doing business which can be in fact considered another way of indirect redistribution of resources or taxation and (iii) last but not least the network and standardization effects heavily impacting the intensity of competition in the process of standardization and building up barriers of entry. As a result, we suggest including into the evaluation of the feasibility of new entrepreneurial business models also the institutional perspective: both in terms of (i) risk analysis and (ii) the identification of costs of doing business in the future. This more holistic perspective on understanding the institutional quality of market environment and its financial implications will lead to better capital allocation and resource planning by launching new business ventures.



MSC AIVARS TIMOFEJEVS

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Efficiency of EU funding in Latvian regions: economic and contextual aspects

The focus of the research is put on the entrepreneurial activity in Latvian regions and in particular how the EU financial support influence the entrepreneurial activity. Every year significant amount of money is provided to support enterprises in Latvian regions. However, the results of this support are not clear raising the questions about the rationale of such support and necessity to reassess the principles for distribution of the provided support. The analysis is conducted for 5 Latvian regions namely Riga region, Kurzeme, Vidzeme, Zemgale and Latgale. The results show that there is no clear co-relation between the received support and economic performance if measured according to the suggestions from the previous research. In some regions even the opposite is true- the region that receives largest average support per company still shows the worst improvement in economic performance. This leads to a conclusion that in order to assess entrepreneurial support properly a longer time period than 5 years is necessary and also the factors like structural contexts of the region as well as education should be taken into account. Also the results of the research show that the measures suggested to assess entrepreneurial activity like GDP, turnover etc., are not sufficient for regional analysis and additional contextual factors like education (especially higher) and economic structures has to be taken into account. In a broader perspective e.g. resource based view it is clear that intangible resources are equally if not more important when the decision about support measures has to be made.

ENG. KORNELIUSZ PYLAK, PHD

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Persistence of Entrepreneurship in Different Historical Context: The empirical playground of Poland

Eng. Korneliusz Pylak, PhD; Michael Fritsch, PhD; Michael Wyrwich, PhD

We exploit the diverse historical developments in what is Poland today to analyze the sources of the persistence of regional entrepreneurship. Surprisingly, there is correspondence between historical and current levels of entrepreneurship in the Polish areas that were part of Germany before World War II, despite the exchange of the pre-War population. In regions that were already part of Poland before World War II, the relationship between historical and current levels of entrepreneurship is non-significant. Detailed analyses reveal that persistence can only be found in areas with an above-median level of industrialization in the early 20th century which were predominantly in the former German part. Further analyses show that historical success of entrepreneurship plays a vital role in this regard. More precisely, we find that regional differences in the level of entrepreneurship are related to historical self-employment in knowledge-intensive manufacturing industries. This pattern corresponds to previous research that shows that the historical success of entrepreneurship matters for persistence. Our main conclusion is that persistence of entrepreneurship requires a certain level of successful economic development which we capture by the degree of industrialization in the early 20th century.



ONDŘEJ DVOULETÝ, PHD

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Entrepreneurial Activity in Slovakia: Selected Regional Aspects and the Role of Governmental Environment

Ondřej Dvouletý, PhD; Ing. Anna Pilková, PhD; Juraj Mikuš, MSc; Miroslava Rimská, MSc

Purpose: The main aim of our study was to contribute to this increasing body of the regional entrepreneurship literature by a better understanding of the regional entrepreneurial activity in Slovakia as an example of post-communist economy. **Design/methodology/approach:** We exploit the existing measures of entrepreneurship from Global Entrepreneurship Monitor and Statistical Office of the Slovak Republic, and we explore the inter-regional differences in the levels of entrepreneurial activity among eight Slovak NUTS 3 regions during years 2011-2015. We also employ the multivariate regression models and empirically investigate the relationship between the business environment and entrepreneurial activity in Slovakia. **Findings:** The average engagement in entrepreneurship in Slovakia was during the analysed period 16-18% of the economically active population depending on the measure used. The results of multivariate regression models have shown that the overall improvement of the general business environment positively influences the levels of entrepreneurship in Slovakia. **Research/practical implications:** We believe that such an observation may serve as an encouragement for the further efforts invested in improving business conditions for the established and new Slovak entrepreneurs. We also encourage future researchers to study further other location factors of entrepreneurial activity such as cultural, logistic and socioeconomic variables. Future research might also address the role of entrepreneurial infrastructure and public entrepreneurship and SME policies. **Originality/value:** The presented study empirically contributes to the body of knowledge on the regional entrepreneurship and the conducted approach towards quantification of the entrepreneurial activity might serve as an inspiration for other scholars.

WOJCIECH MACIEJEWSKI, PHD

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Impact entrepreneurship as an approach in business and social economy - towards effective models for Visegrad Group Countries

Wojciech Maciejewski, PhD; Marta Czyżewska, PhD; Dorota Murzyn, PhD; Renata Śliwa, PhD

The division of the economy into the private and non-profit sector makes it possible to distinguish the role of the entities operating within them. The goal of entities operating in the private sector is to achieve an economic profit, increase market share or compete with others. On the other hand, activities of the third sector entities focus on the generally understood improvement of the quality of life. Regardless of the objectives of these entities, their activities have a lot in common because their current operations must ensure financial liquidity, optimize costs, motivate employees and supporters, the relationship with the environment and more. Despite many similarities, there is a widespread opinion of the insufficient social orientation of the entities of the second sector and the insufficient market orientation of the third sector. The above considerations have become an inspiration for research that will focus on:

- Diagnosis of the countries' conditions regarding the situation of the non-profit sector and impact entrepreneurship,
- Starting up the network of academic and sector cooperation as the fundamentals of long-term transnational and trans-sectoral networking/cooperating – for example with regard to the best practices,
- Best practices identification,
- Workshops, study visits, conferences to elaborate efficient models for impactful projects and business creation,
- Project results elaboration - policy recommendations.

The aim of the presentation is to gather comments and tips to refine the research project and encourage partners from the Visegrad countries to cooperate.



ADNAN EFENDIĆ, PHD

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Costs of informal networking of entrepreneurs - evidence from the Western Balkans region

This study explores the prominence of informal networking of entrepreneurs in the Western Balkans (WB) and their associated costs. In our investigation we rely on primary qualitative and quantitative (survey) data gathered as part of INFORM project. Our findings indicate that entrepreneurs engage in informal networking for various purposes, but most importantly to tackle business issues rising from formal institutional deficiencies and time-wasting procedures. We find that informal networking, or use of personal contacts for “getting things done”, is frequent and that the costs of networking amount to 180 Euros per month, which is substantial, given that the average income reported by entrepreneurs is around 400 Euros. In the structure of informal networking costs, the estimated value of invested time, dominate over money. If we compare these costs with the average of general public, we find that incurred costs are systematically higher for entrepreneurs in the region, who “invest” around 30% more resources. As our key policy relevant finding, we establish that entrepreneurs in the WB region who invest into informal networking do so at a high cost, which implies that the culturally determined sociability of informal networking has an instrumental purpose.

INGRID MAJEROVÁ, PHD

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Regional development and its measurement in Visegrad Group Countries

The aim of the presentation is to measure regional development and construct an index for the Visegrad Group countries at NUTS 2 level. This index, called the Regional Development Index - the RDI - is created as an extension of the Human Development Index in order to obtain a better composed index at regional level. Twelve socio-economic indicators are selected for this purpose: three economic indicators, three educational indicators, three health variables and three indicators of the standard of living which create four dimensions. These variables are tested for their reliability through the pairwise correlation and the min-max method is used for the construction of the index. The data are compared between 2008 and 2013 and the assumption about worsening the situation in regions after the crisis is set. The results show that the values of the RDI improved in nearly all regions (with the exception of Prague in the Czech Republic and Közép - Magyarország in Hungary) in the monitored years. The assumption that regional development was negatively influenced by economic crisis has not been confirmed.



MSC DEIMANTĖ ŽILINSKIENĖ

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Leading tendencies of regional development from the perspective of globalisation

Deimantė Žilinskienė, MSc; Arūnas Augustinaitis, PhD

There are no common concepts, classifications and research methods for social innovation. Considering that social innovations are a field of emerging practical and academic approaches, the aim of this report is to summarize the main theoretical concepts of social innovations, to analyze trends of social innovation development, factors and dynamics, and factors that promote and inhibit the development of social innovations. The analysis of social innovation has shown that there may be different regimes of social innovation in countries and regions and, on the other, that no unanimous agreement is reached perspectives and empirical indicators in social innovation research, the future will require adjustment of the social innovations and their models and empirical indicators of regimes. It is a very multifaceted and multifaceted theoretical and at the same time practical perspective, it is multidisciplinary research methods are also needed. Social innovation links one micro, middle and macro social phenomena, i. y. social innovations are analyzed from the person, community, regional institution and State activities to global, multidimensional, transnational phenomena. In this report analyzing definitions, research and boundaries of social innovation, technological social innovation, the main dimensions of social innovation, dynamics of social innovation, social innovation as an autonomous research area and the assumptions for dissemination of social innovation in Lithuanian Regions.

PROF. PRZEMYSŁAW ZBIEROWSKI, PHD

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The cultural context of well-being of necessity and opportunity entrepreneurs

Prof. Przemysław Zbierowski, PhD; Stephan Ute, PhD

Research pays increasing attention to entrepreneurs' well-being as an alternative outcome of entrepreneurship. Indeed, entrepreneurs view their personal happiness as closely tied to their venture and their well-being has been linked to enhanced opportunity recognition and firm performance. But what happens when one is not voluntarily 'pulled' into entrepreneurial activity but rather 'pushed' into it? What well-being benefits do necessity entrepreneurs derive from entrepreneurship? And might it matter in which cultural contexts they operate? In other words, we ask when and how necessity entrepreneurs can achieve happiness. We use data from 5,602 start-up entrepreneurs nested in 29 countries from the Global Entrepreneurship Monitor, GLOBE and VIA Character Strengths. We explore the interplay between cultural descriptive norms (socially supportive culture - SSC, performance based culture - PBC), character strengths (kindness and curiosity), and key features of entrepreneurial work (meaning, autonomy and stress) on the well-being of opportunity and necessity entrepreneurs. We find that necessity entrepreneurs' well-being is enhanced particularly by experiencing their work as meaningful, while autonomy contributes more strongly to the well-being of opportunity entrepreneurs. Work stress lowers the well-being of both types of entrepreneurs. In terms of context, socially supportive contexts (SSC and kindness) foster entrepreneurs' well-being, especially for necessity entrepreneurs and through reducing stress, while curiosity only contributes to well-being of opportunity entrepreneurs. Our study contributes a deeper understanding of well-being and entrepreneurship. First, it reveals differences in the entrepreneurial work of opportunity and necessity entrepreneurs and their effect on well-being. Our findings challenge the taken for granted central role of autonomy for the well-being of all entrepreneurs emphasized in the literature. Second, our study helps to understand the vast differences in entrepreneurs' well-being observed in past research by offering much needed contextualization. We unpack when – in which cultural contexts – what type of entrepreneurs reap well-being benefits. Whereas past research suggests no well-being returns to being a necessity entrepreneurs, we find that 'underdog' necessity entrepreneurs may be able to thrive in supportive cultures and when finding meaning in their work.



AGNIESZKA ALLEN, PHD

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Institutions vs Culture. Lessons for Development from Quasi-Experiments of History

This study uses two natural experiments from Polish history, municipal level data and regression discontinuity design to consider the relative role of institutions and culture for long-run development. The first experiment documents the persistent effects of institutions and culture on the development of the 19th century partition of Poland between the Prussian, Russian and Austrian empires. Evidence is presented that these borders are exogenous. The former Prussian partition significantly outperforms the Russian and Austrian based on tax data. We find that agrarian reforms in the 19th century sent the three parts on different trajectories to modern development. As a result, half of the households are still rural in the Russian and Austrian partitions compared to a fifth in the Prussian. The partitions differentiated the cultures between the three parts as well. To distinguish the role of institutions and culture we exploit the second experiment of history - Stalin's forced migration movements after World War II. This enables us to exclude culture as a channel of persistence and demonstrate the role of institutions in long - run development. Robustness tests indicate the distinct nature of the historic borders.

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FDI spillovers and regional productivity of domestic firms

Nebojša Stojčić, PhD; Edvard Orlić, PhD

It has long been debated whether the greater presence of multinational corporations (MNCs) improves efficiency and productivity of domestic firms in host countries. While theoretical arguments for FDI-induced pecuniary and technology spillovers are well established, empirical studies suggest that concurrent operability of different FDI spillovers may differ in influence on indigenous firms. Our study explores intraregional and interregional effects of foreign firm presence on regional (NUTS3) productivity of indigenous firms in eight Central and East European (CEE) countries. Technological abilities in these countries are relatively weak and the bulk of FDI went to metropolitan areas and western regions potentially contributing to the polarization and disparities. The analysis is built on a rich panel of firms in 217 NUTS3 regions of the Czech Republic, Hungary, Poland, Slovak Republic, Slovenia, Croatia, Romania and Bulgaria covering the 2007-2011 period. Results from Spatial Durbin Model (SDM) reveal that spatial proximity has beneficial effects on downstream firms within and across regions while horizontal spillovers are negative and these effects become stronger with distance.



PIOTR MALESZYK, PHD

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Does (only) talented youth migrate? Evidence from an EU peripheral city

International and interregional migration can be an important driver of economic development and spatial inequality. Large migration outflows from the sending region might indicate a 'backwash effect', which subsequently decreases potential economic growth. As migration is a selective phenomenon, the outflow of highly-skilled and talented individuals negatively affects national (or regional) human capital stock and accumulation, decreases labour productivity and impedes the process of technology creation and diffusion. Such a backwash effect might occur predominantly in peripheral and poor regions. Yet research on migration scale and selectivity, including student migration, is hampered by data limitations. The presentation outlines the preliminary results three tracking studies of approx. 11 000 of secondary school graduates in Lublin. Contrary to most research on youth migration the research is a census, not sample research, and tracks actual and not potential migration. Firstly, I estimate the secondary school graduate migration rate, which is further compared to other rates present in the literature, and thus contribute to the debates on the backwash effects for EU peripheries. Second, I re-examine the stylised fact of human-capital selectivity of both interregional and international migration and discuss its policy implications. Third, I present migrants' destinations and discuss them in the context of the migration gravity approach.

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