Introduction

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In recent decades we have been able to witness a veritable revolution in the world economy, with dramatic changes in the competitiveness of nations, regions and companies. The most commonly used term to describe this revolution has been ‘globalization’, even if there is no common definition of this term in the literature. In fact, all definitions of globalization are elusive and elicit criticism (Thurik et al., 2013). Generally, the term is connected with the rapid increase in the free movement of goods, capital, people, ideas, information and knowledge around the globe. The shift of economic activities between regions in different national spheres ranks among the most vigorous changes shaping the economic landscape of today (Dreher et al., 2008).

Much of the discussion about globalization has been held at a rather superficial macroeconomic level. Discussions at the meso- and microeconomic level, that is, the level of regions and companies, have been much less common, and many have also been biased in the sense that they have only given a partial picture. One obvious example is that discussions on the role of innovation and entrepreneurship have tended to use a narrow definition of entrepreneurship as the start-up of new companies; as a result they have ignored the high degree of innovation and entrepreneurship within many incumbent companies. This is problematic, since innovation and entrepreneurship, generating new technologies, new products and new production processes, are at the core of economic development and growth (Hall, 1999).

The purpose of this book is to contribute to the meso- and micro-economic literature on innovation and entrepreneurship in the global economy.

1. GLOBALIZATION

There is a tendency in the current literature to treat globalization as a new phenomenon that started to emerge in the postwar period. This can

certainly be questioned (Kenwood and Lougheed, 1999; Taylor, 2002; Karlsson et al., 2010) but is of lesser importance here since we focus on the current wave of globalization. Some authors claim that it was the break-up of the Soviet Union and the Warsaw Pact, highlighted by the fall of the Berlin Wall, possibly together with the changes in China towards a more market-oriented economy, that kicked off the current wave of globalization (Thurow, 2002). However, these important historical events did not start the current wave of globalization but gave it substantially more energy by opening up ‘fertile land’ for the globalization efforts.

The original motor behind the current wave of globalization was the drive among large manufacturing companies, which, via foreign direct investment (FDI) on top of their export efforts, wanted to get control over raw material sources as well as increase their sales. By moving production to other countries, it was possible to overcome tariffs and other trade impediments and at the same time adapt their goods to customers’ preferences and willingness to pay in these countries. These firms represent the managed economy, where economic performance is positively related to firm size, scale economies and routinized production and innovation (Thurik et al., 2013).

In recent decades, this motor has been complemented by a second, which we can call the ‘entrepreneurship motor’, representing the wave of new firm formation and growth coming from new technological fields such as microelectronics, software and bio-technology (cf. Koellinger and Thurik, 2012). These firms represent the entrepreneurial economy, where economic performance is related to distributed innovation and the emergence and growth of entrepreneurial ventures (Audretsch and Thurik, 2001). Entrepreneurship in the sense of new firm formation is of course critical, since it fosters competition, inducing innovation and the emergence of new industries (Dejardin, 2011). Over the years many processes have contributed to stimulate globalization and to shift the comparative advantages for different types of economic activities between countries, making it possible and even essential to locate many new capital investments, that is, factories, plants and establishments, to low-cost locations outside the USA and Western Europe (Audretsch, 2010). These processes (in no particular order) include:

- The reduction of tariffs and trade barriers, first via GATT and later via WTO
- The creation and enlargement of the EU and the creation of NAFTA and other free trade blocs
- The establishment of a global air travel network

- The rapid expansion of highway networks, increasing the reliability of truck transport
- The rapid growth of container transport
- The deregulation of many markets, in particular financial markets
- The emergence of global financial markets with large and rapid flows of capital between different global financial centres
- The establishment of global technological standards
- The information and communications technology (ICT) revolution and the establishment of the Internet and a much more rapid diffusion of large volumes of standardized information (Castells, 1996)
- The emergence of global just-in-time media coverage (Karlsson and Picard, 2011)
- The emergence of a global knowledge economy¹ via
  - rapidly increasing investments in knowledge production, that is, in particular, R&D, with important breakthroughs in many research fields, not least related to microelectronics, and
  - rapidly increasing investments in higher education in an increasing number of countries
- Substantial increases in international migration, in particular among highly educated groups of people
- Increasing real incomes resulting in larger demand for diversity in consumption
- An increasing number of people in the world who have emerged from poverty
- The introduction of new computerized design and production methods, which has increased flexibility in production and allowed for more or less instant shifts between models produced to meet rapidly shifting demand among customers with a taste for diversity
- New methods to organize production with more flat organizations using ICT solutions and external suppliers via outsourcing and offshoring to gain lower costs by taking advantage of suppliers' internal scale economies
- A rapid increase of intra-industry trade to take advantage of internal economies of scale in production
- A rapid increase in the number of multinational firms (MNFs) and in the number of MNF affiliates.

The above list clearly illustrates that the current wave of globalization has been intimately connected with an overwhelming number of product, process, input and organizational innovations, clearly illustrating that it

has also been a period of exceptional entrepreneurship, among both large MNFs and independent entrepreneurs. However, creativity, innovation and entrepreneurship have not been present everywhere. On the contrary, they have been strongly concentrated in a limited number of large urban regions in the richer countries in the world (Montgomery, 2008; Florida, 2009), even if they can and do occur in non-urban economic milieux (Shearmur, 2012).

2. INNOVATION, ENTREPRENEURSHIP AND LARGE URBAN REGIONS

Despite all the claims about ‘the death of distance’ or that ‘the world is flat’, it becomes more and more obvious that location matters for creativity, innovation and entrepreneurship, and, in particular, location in large urban regions. Why is this the case? What do large urban regions offer that is so critical for creative, innovative and entrepreneurial activities? One factor is concentrations of organizations, such as research universities and R&D labs, that are direct or indirect generators of innovation and entrepreneurship (Acs, 2002). Another factor is that creative, innovative and entrepreneurial people are attracted to large diversified cities (Florida, 2002; Landry, 2008) and that companies that locate in such regions tend to be more innovative and entrepreneurial, either through learning or through sorting; that is, companies draw on, or adapt to, their regional environment (Doloreux, 2005).

Even if it is widely accepted that the internal capacities and activities in companies are critical for their innovative and entrepreneurial capacity (Lichtenhaler and Lichtenhaler, 2009), it is also widely recognized that a primary factor affecting a company’s innovative and entrepreneurial capacity is its openness to external sources of information, knowledge and collaboration. Large urban regions are information-, knowledge- and contact-rich economic milieux both in intra- and interregional terms, since they are built up not only by innumerable interconnected networks but also by nodes connected to other large urban regions in a space of information and knowledge flows (Castells, 1996). Hence it is optimal for innovative and entrepreneurial companies to locate in such regions to maximize their chances of obtaining appropriate information and knowledge, of identifying opportunities, and of finding suppliers, collaborators and clients (Sedgley and Elmslie, 2011). These regions also offer the best conditions for potential entrepreneurs to become actual entrepreneurs.

It costs more for a company to be located in a large urban region, and it is only those companies whose innovation capability requires intense and

frequent interactions with other economic agents that will pay the extra costs for such a location (McCann, 2007). These companies usually deal with the most knowledge-dependent and uncertain innovations, and rely on trial and error and close cooperation with customers and/or suppliers (cf. Duranton and Puga, 2001). These general conclusions do not preclude that, in some industries, companies may avoid industry clusters in cases where the risk for regional knowledge spillovers to competitors is very high (Suarez-Villa and Walrod, 1997). However, innovations developed outside the large urban regions normally only reach their full commercial potential if they are introduced, further developed, and marketed in a large urban region. Altogether this points in the direction that large urban regions are the loci of innovation and entrepreneurship because economic agents with social and market power to promote them tend to reside and have their activities there (Yeung, 2005).

The critical role of large urban regions depends on companies and entrepreneurs innovating in an open fashion; that is, they rely on face-to-face interaction with other economic agents, which is greatly facilitated by the economic milieu offered by large urban regions due to their greater physical proximity (Storper and Venables, 2004). The much richer options for face-to-face interaction in these areas are important not only because the transfer of complex, uncertain and partly tacit knowledge often needs repeated face-to-face interactions, but also because such options open up more chances for unscheduled or serendipitous encounters – those most likely to result in the juxtaposition of different types of information and knowledge, which through creative processes might lead to innovations and new entrepreneurial actions (Godoe, 2012). Boschma (2005) remarks that there are other types of proximity that are important for creativity, innovation and entrepreneurship. They include social proximity (e.g. friendship ties), organizational proximity (e.g. working for the same company or company group), cognitive proximity (e.g. having the same knowledge base) and ‘institutional’ proximity (e.g. working in the same type of organization, such as a university). One might very well also add occupational proximity, that is, having the same type of occupation; and supplier–customer proximity in terms of types and frequencies of delivery. However, Boschma omits to note that the strength of all these different proximities is a function of geographical proximity.

Thus large urban regions are conducive to creative, innovative and entrepreneurial processes, and this claim is supported by various types of empirical evidence. They generate more patents per capita than smaller regions (Bettancourt et al., 2007), are the location where world-first new products and radical innovations are introduced (Audretsch and Feldman, 1996), and are where new industries emerge (Duranton and

Puga, 2001). Against this background it is obvious that large urban regions and creativity, innovation and entrepreneurship are intrinsically interlinked in numerous ways. Thus urban regions tend to evolve in a path-dependent fashion (Neffke et al., 2011), based on the internal and external information, knowledge and contact links they offer. This implies that most of the innovations and the entrepreneurship that emerges in such regions are related to historical industrial structure and knowledge supply.

There is a long-standing controversy concerning what type of urban region provides the most fertile ground for innovation and entrepreneurship (cf. Glaeser et al., 1992). According to the so-called Marshall–Arrow–Romer (MAR) model, it is the concentration of a particular industry within a specific urban region that promotes intraregional knowledge spillovers across economic agents, stimulating innovation and entrepreneurship in that region and within that particular industry. Research on cluster dynamics stresses the importance for innovation of interactions of companies in the same industry (Wolfe, 2009). According to this perspective, companies in the same industry have similar infrastructure needs, labour forces, suppliers and markets. It is assumed that such localization economies, combined with knowledge spillovers, provide the preconditions for innovation and entrepreneurship.

Jacobs (1969) presented an alternative hypothesis that the general agglomeration of companies in urban regions fosters innovation and entrepreneurship due to the diversity, variety and complementarity of the knowledge sources located in the region (Desrochers, 2001). Here it is chance encounters and the combination of knowledge from unexpected sources that enhance innovation and entrepreneurship. However, it is not only the diversity of economic actors and the knowledge base, but increasingly the diversity of the ethnic, cultural and social fabric that is seen as a prerequisite for creativity, innovation and entrepreneurship (Niebuhr, 2009). Thus it seems clear that however entrepreneurs and companies draw on their external economic milieu to innovate and to be entrepreneurial, this milieu is richer, more knowledge-intensive, more diverse and more highly specialized in all dimensions in large urban regions than in non-urban regions (Glaeser, 2011). We must also remember that there are probably optimal levels of diversity or heterogeneity (Fujita, 2009), and that, over time, heterogeneity might lead to homogeneity in the absence of stochastic processes stimulating heterogeneity.

Despite many empirical studies that have tried to solve this controversy, no definitive answer has yet been presented. Perhaps other underlying factors determine which type of knowledge spillover is most important in different urban regions. It is rather unlikely that one single process would prevail (Iammarino, 2011). Depending on differences in historical

trajectories, existing industrial specialization and knowledge base, external pressures and public policies, we can imagine that it is possible to identify a number of different typical development paths for urban regions.

Another related controversy circles around the question of whether it is weak or strong regional competition that is more conducive to innovation and entrepreneurship in an urban region. According to the MAR model, weak regional competition is superior to strong regional competition since it enhances the ability of companies and entrepreneurs to appropriate the economic value of their innovative and entrepreneurial activities. Porter (1990), on the other hand, maintains that competition is more conducive to innovative and entrepreneurial activities.

One might claim that the above discussion suffers from a basic static bias. It tends to neglect that the life-cycle stage within which an industry is operating contains answers to questions such as who are the innovators and the entrepreneurs, how much innovative and entrepreneurial activity is undertaken and where do the innovative and entrepreneurial activities take place (cf. Klepper, 1992). It also neglects that decisions on organizational factors within companies such as vertical integration and choices on innovation and location are strategic decisions and thus evolve as markets, technologies and politics change (Chandler et al., 1999). Within such a context, the location of innovative and entrepreneurial activities is determined by accessibility to the necessary market and input conditions, including accessibility to the necessary knowledge inputs, not least via intra- and interregional knowledge spillovers. The industry life cycle is often described as consisting of the following stages (Williamson, 1975):

- In the first, early formative innovative and entrepreneurial stage, it is typical that the supply of a new product normally comes from different producers offering different but varying and rather primitive designs using highly skilled workers and comparatively unspecialized machinery. This takes place in one nursery city or a limited number of nursery cities (Duranton and Puga, 2001) in one country and sold in small quantities to advanced and demanding customers mainly located in large urban regions in the home country. The business experience during this stage is characterized by a high degree of uncertainty and, typically, many of the early entrepreneurs fail for various reasons.
- The second, intermediate development stage is characterized by the emergence of a dominant design, the use of more refined manufacturing techniques, a rapid increase in output from remaining companies as new applications are recognized and unsatisfied demand increases, since the new product has proven its value for larger

groups of customers. Uncertainties concerning products, production processes, markets and competitors are now reduced, and, to take advantage of existing internal economies of scale, companies now increasingly try to serve foreign markets by means of exports.

- The third, mature stage, with fully standardized products and production processes, is characterized by an advanced refinement of production, marketing and management techniques, and increased focus on cost control while serving growing markets. Radical innovations are scarce and most innovations take the form of marginal improvements. New large-scale integrated production facilities are now established in the hinterland of large cities with a strong logistics position, in low-cost locations in more peripheral locations in the own country (Rees, 1979), and close to the market in foreign countries by means of FDI (Vernon, 1966). Various efforts are made to 'bind' customers to their current supplier to fend off major competitors.

Due to the introduction of computerized flexible production systems, rapid improvements in information and communication technologies, and improvements in transport networks, it is possible to identify a fourth stage of knowledge-based fragmentation and differentiation. This stage opened up new options in market economies and increased the number of options open to companies.

It became possible, not least for the large multinational companies, to fragment the different production steps, locate them in the region offering the best conditions and maintain control of their global production networks² (Coe et al., 2008) via network control (Warda, 2013). These companies could introduce new business models (Brynjolfsson and Hitt, 2000), scale down their large inflexible production facilities and, in a systematic manner, start to outsource and even offshore production stages. Newly established companies could avoid investing in large-scale integrated production facilities and take advantage of outsourcing and offshoring from the very beginning. This outsourcing and offshoring manifested itself in the form of outward FDI from the developed countries (Friedman, 2005). By outsourcing/offshoring the production of parts and subsystems, companies can lower their costs, since they can take advantage of suppliers' location cost advantages and internal economies of scale – scale economies that they cannot achieve themselves with in-house production due to too small production series. However, outsourcing/offshoring is not limited to various types of inputs and services. Increasingly companies outsource R&D to take advantage of unique knowledge in specialized companies and offshore R&D activities to those large urban regions where competitors

have located their R&D and/or where leading research universities do high-quality R&D of special interest to the company. This reorganization of large companies opened up opportunities for spin-offs and new roles for small entrepreneurial firms (Klepper and Thompson, 2010).

Another major advantage for companies of the radical new way to organize and control production is that it is much easier to produce differentiated outputs to meet customers' demand for variety, as well as differences among customers in their capacity and willingness to pay for different product attributes. Customers' demand for variety also makes it possible for new entrepreneurs to enter the market to serve distinct small groups of customers with specific product varieties.

If we summarize the above discussion, we see that we can identify two main groups of actors in the marketplace behind the ongoing transformations. On the one hand, we have a large and increasing number of multinational firms that use all the options opened up by the current wave of globalization and by the many important accompanying technological changes. They have reorganized their production chains by means of outsourcing and offshoring parts of their production to lower-cost locations, often in other countries, which have generally preserved the viability of many of these multinational firms (Audretsch and Thurik, 1999). The result has often been a substantial downsizing in terms of total employment, but a shift to a substantially higher share of highly skilled employees, resulting in a divergence of unemployment rates between high-skilled and low-skilled workers (Mankiew and Swagel, 2006).

On the other hand, we have a myriad of entrepreneurs who have launched their new businesses and often failed; however, a limited number have succeeded, often by launching radical innovations that have created totally new industries and changed the way we organize production and do business, including the outsourcing and offshoring of non-core business activities (EIM, 2009). This 'entrepreneurial revolution' has been stimulated partly by corporate reorganization leading to new organizational structures in large as well as small and medium-sized firms, and partly by greater emphasis on knowledge as a production factor, opening up new opportunities for spin-offs and new roles for small and medium-sized firms (Klepper and Thompson, 2010). However, higher real income levels have also opened up new entrepreneurial opportunities by leading to a more service-oriented economy (Bryson et al., 1997), differentiation in consumer demand (Piore and Sabel, 1984), and a shift in occupational preferences (Uhlener and Thurik, 2007). To stay competitive in this 'new knowledge economy', small and medium-sized firms have increased their spending on R&D and thus increased their share of total private R&D (Mowery, 2009).

It is of interest that much of the recent globalization literature has mostly concentrated on one of these processes, without acknowledging the existence of two very strong parallel processes that, in a couple of decades, have transformed both the structure and the location of the private sector within as well as between countries. As globalization spreads, employment tends to stop increasing and often even starts to decrease in general, with incumbent, mainly multinational, firms generating entrepreneurial opportunities for new firms and for existing small and medium-sized ones (Thurik et al., 2013). It is often not noticed that some of today's larger multinational companies were founded by entrepreneurs a decade or a few decades ago.

3. POLICY RESPONSE TO GLOBALIZATION

Against this background, which is the proper policy response to globalization and its very distinct effects? The public policy debate has increasingly come to stress knowledge and ideas as the source of competitiveness and economic growth. This policy focus is supported in the economics literature, where knowledge and ideas have emerged as critical growth factors in the new endogenous growth theory (Lucas, 1988; Romer, 1990). The endogenous growth theory assumes that knowledge has the character of a public good, and that an entire economy automatically benefits from its investments in R&D and education through spillovers. In particular, it is the possibility that more than one firm or economic agent can use a certain piece of knowledge that is particularly conducive to economic growth. Although there is, of course, a great deal of evidence that access to knowledge (R&D stock and human capital) leads to economic growth, some countries seem to benefit more from investments in knowledge than others.

National governments have also begun vigorous and targeted efforts to spur the start-up and growth of new firms, that is, through entrepreneurship policies (Karlsson and Andersson, 2009). An important implication of the current wave of globalization is that focusing on entrepreneurship policies ignores the pervasiveness and the prevalence of the underlying forces. Promoting new firm formation and/or post-entry performance is too narrow an interpretation of the appropriate public policy response. Rather than developing an entrepreneurship policy, the appropriate policy response is to develop policy for an economy where large multinational firms coexist with vibrant entrepreneurial firms, and where firms of different sizes increasingly cooperate via outsourcing and offshoring.

The impact of technological change and its many mediators on all

types of firms is so complex and so pervasive that the policy implications go beyond creating an entrepreneurship policy to support other public policy avenues. Rather than a narrow focus on promoting new firm formation and/or growth of new firms, the appropriate policy response is to re-engineer the public policy response in a broad and pervasive sense and develop policies for a dynamic, self-renewing market economy with a sound mix of small and medium-sized firms, as well as large multinational firms in which entrepreneurship plays a key role (Acs, 2006). This implies the formation of formal institutions that, for example, reduce the barriers and costs of entry and growth of firms, facilitate the sectoral and spatial mobility of resources, in particular labour and capital, stimulate investments in R&D and education, and increase the openness of the national economy for international competition (cf. Kirchoff, 1994).

However, increased sensitivity among companies to the location conditions offered in different regions has changed the public policy arena. The ability of national governments to control the behaviour of companies has been reduced not least due to deregulation over broad sectors. International competition is becoming less of a competition between nations and increasingly a competition between regions, where the options for many regions due to lack of resources are often quite limited. Poor regions' main competitive advantage is low costs, given that they do not exploit a rich source of unique raw materials. Large and rich urban regions, on the other hand, have many options to compete, with superior material infrastructure, good housing infrastructure with plenty of amenities, a well-educated labour force and high-quality universities. What limits the actions of large and rich urban regions is the lack of regional government; national government controls many critical areas such as transport infrastructure, higher education and public financing of R&D. In any case, the large and rich urban regions will mostly keep their position as hotspots for innovation and entrepreneurship for a substantial time.

For researchers, the current wave of globalization offers innumerable interesting and important research questions. A few of these research questions are highlighted in this book, but, as always, researchers normally ask more questions than they answer in their papers. The chapters in this book are no exception to this, but at the same time they contribute significantly to an increased understanding of innovation and entrepreneurship in a global world.

4. THE CONTENTS OF THIS BOOK

Below we briefly summarize the contributions in the sequence in which they appear in the book so that the reader can plan for the reading experience.

In Chapter 1, Abellán Madrid, García-Tabuenca and Suárez Gálvez explore the relationship between R&D and firm survival using a sample of Spanish manufacturing firms. The results show a positive relationship between R&D expenditure and survival probability, with differences depending on the environment. The authors define the different environments as combinations of technological regions and sectors.

How firms assess the value of R&D partnerships with public research institutes and universities is examined by Broström and McKelvey in Chapter 2. Survey data on Swedish manufacturing firms suggest that contact with universities gives firms greater impulses to innovation and offers more opportunities to learn than contact with public research institutes. However, this difference is valid only for firms applying for patents. Furthermore, the view of public research institutes as more oriented towards applied R&D than universities cannot be verified. The authors conclude that, in terms of perceived effects of R&D managers, public research institutes and universities are more similar as collaboration partners than might be expected.

The conventional wisdom that industry front-runners are most likely to experience high rates of technological advancement in strategic alliances is challenged in Chapter 3 by Mary George, Anokhin, Parida and Wincent. Instead, the authors suggest that imitation and not innovation is the primary source of such advancement. Empirical evidence from a sample of over 150 incumbents with varying degrees of technological progress suggests that lagging established corporations prefer to imitate start-ups and not fellow incumbents.

In Chapter 4, Abrahamsson, Boter and Vanyushyn examine the scope and pattern of inter-organizational collaboration of international new ventures. Their findings suggest that international new ventures are very likely to be involved in international cooperation and to have a broader scope of international partnerships, in terms of both number of partners and their geographic location.

Whether routines stimulate or hinder learning and innovation in industrial production is the question in focus in Chapter 5 by Westernen. The author discusses how definitions of the concept of routines have advanced, and the different characteristics that can be linked to the concept. An empirical example is presented in which Westernen discusses how learning and innovations can be seen in relation to creation, maintenance and changes in routines.

Compelling evidence based on data from European cities of the indirect effect of human capital and creative capital on urban economic development is delivered in Chapter 6 by Audretsch and Belitski. The authors develop the basis of the creativity spillover of entrepreneurship theory and introduce a novel concept of ‘creativity filter’. They confirm that the availability of creative capital does not *per se* result in economic development, as found in previous studies. Exchange of ideas and new firm start-ups are needed to facilitate the spillover and commercialization of those ideas, and to minimize the size of the ‘creativity filter’.

It is often claimed that locally embedded values and attitudes towards entrepreneurship exert a strong influence on the rate and level of entrepreneurial activity in regions. The concept of regional entrepreneurship culture aims to capture such phenomena, and refers in a general sense to the level of social acceptance and encouragement of entrepreneurs and their activities in a region. In Chapter 7, Andersson discusses regional entrepreneurship culture as a source of persistent differences in regional rates of new firm formation, and presents a number of empirical regularities for Sweden to illustrate the empirical relevance of the main arguments. Using data on rates of new firm formation across Swedish regions over time, the author further explores the association between start-up activity and the business cycle, as well as how the geographic distribution of start-up rates changes during a major economic crisis.

In Chapter 8, Liu, Painter and Wang examine the characteristics and spatial patterns of immigrant entrepreneurship in high-tech industries in the USA. They find that supporting industries such as professionals, management and other producer services are very important for immigrant high-tech businesses. Also, higher ethnic diversity and a larger share of the foreign-born population are crucial factors in attracting or fostering high-tech entrepreneurship.

Broadband Internet is considered an important determinant of economic growth and development. The relationship between broadband infrastructure and new firm formation in the USA is investigated by Parajuli and Haynes in Chapter 9. The findings show that single-unit firm births and the provision of broadband are positively related across almost all industry sectors in the USA. However, the impact of broadband provisioning on new firm formation is sensitive to agglomeration and aggregate sectoral patterns of states and economic sectors.

In Chapter 10, Svensson highlights the role of cognitive bias as a reinforcing mechanism that facilitates start-ups but downplays survival of firms at the neighbourhood level. The author emphasizes entrepreneurs’ cognitive biases, as shallow processing causes overweight of unlikely conditions and thereby lower risk perceptions, making firm formation more

likely. As a consequence of such processing, entrepreneurs also become more responsive to discrete representations of those who have started or are about to start their own business (entrepreneurial role models).

Recent observations show that the location of manufacturing is gradually shifting to western countries again. This argument is put forward in Chapter 11 by Tavassoli, Kianian and Larsson. The authors use the product life-cycle model in order to demonstrate how location of manufacturing shifts to the West, a trend especially pronounced in the USA.

In Chapter 12, Jienwatcharamongkhon and Tavassoli investigate the relationship between productivity and export behaviour of firms. More specifically, the authors study the link from innovation input to innovation output to productivity and exports. The findings indicate that export behaviour of firms can be explained by the productivity of those firms that have succeeded in adopting innovation output in the past.

Whether social capital and infrastructure endowment have a positive impact on the propensity to fully or partially outsource production is examined by Antonietti, Ferrante and Leoncini in Chapter 13. They find that the local level of social capital increases the probability of fully outsourcing production, and that this effect is more pronounced in regions with good infrastructure. However, no significant effect of social capital is found on partial outsourcing.

NOTES

1. Also known as a 'knowledge society', a 'learning economy', an 'innovation economy', an 'innovative economy', an 'e-economy', a 'creative economy' and a 'new economy'. See Dubina et al. (2012).
2. Some authors use the parallel concepts 'global commodity chains' and 'global value chains' (Henderson et al., 2002).

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