

Territorial dynamic of entrepreneurship

CONTENTS

* 2 – ENTREPRENEUR as a key component of territorial dynamic

1- Territorial development engines: how entrepreneur interferes?

2 - What is this invisible hand that is linking entrepreneurship with territory in France?

3 - Could we explain the paradox of the “Nord-Pas-de-Calais” Region?

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1

Territorial dynamic of entrepreneurship

ENTREPRENEUR as a key component of territorial dynamic

SECTION 1

Territorial development engines: how does the entrepreneur interfere?

* **A – Endogen growth model**

* **B – Exogenous Growth model, the base model**

* **C – New Base theory**

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Territorial dynamic of entrepreneurship

ENTREPRENEUR as a key component of territorial dynamic
Territorial development engines: how does the entrepreneur interfere?

A – Endogen growth model

Growth comes from local resources

- * Unsatisfied with Solow growth model, Romer (1986) introduced positive externalities stressing on “knowledge”
- * Audretsch and Keilbach (2004): the entrepreneur is the man who turns “knowledge” into “economic knowledge” and drive then spillover effects.
- * A variable “entrepreneur” is associated with the model, then measuring the relationship between “labor productivity” and “entrepreneur capital”

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ENTREPRENEUR as a key component of territorial dynamic
Territorial development engines: how the entrepreneur interferes?

B – Exogenous Growth model, the base model

The “base “theory puts forward a sectorial approach where a local economy is divided in two activities:

- * “basic” activities (from industrial sector) meaning exporting for grabbing income from outside
- * “local” activities (domestic sector) or residential or proximity activities that lies on local demand

territorial development lies on external demand (Keynesian growth theory) at the opposite of endogen models that stress on productivity gain (supply)

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Territorial development engines: how the entrepreneur interferes?

* **B – Exogenous Growth model, the base model**

an implicit relationship is built between “basic” entrepreneurs (most of them in industrial sector) and “local” entrepreneurs (retailers, local service sectors)

It is performing for explaining the development process of suburban cities (they grab people that work outside and spend inside).

As development depends on external demand shock, the “base” growth theory fits more to small territories than to large one (Aydalot, 1988)

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Territorial development engines: how the entrepreneur interferes?

* **C – New Base theory**

- * This model is a new paradigm as well as an extension of the base theory.
- * If only “productive” base was initially considered, the New Base’s theory is enlarged to three other bases:
 - * “residential” base (income from tourism, new migrants as commuters and retirees who settle on the territory)
 - * “public” base (income from national civil-servant paid by external institution)
 - * “social” base (income get from redistribution function of the state or other region contribution)

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ENTREPRENEUR as a key component of territorial dynamic
Territorial development engines: how the entrepreneur interferes?

* **C – New Base theory (Laurent Davezies)**

- * French work area, only 25% of the basic income comes from the “productive” base. 75% comes from other basic income: tourist, new migrants who settle on the territory as commuters or retirees, social transfer, public agents)
- * Focusing upon income instead of production highlight “opportunist” or “adaptation” entrepreneurship process

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ENTREPRENEUR as a key component of territorial dynamic

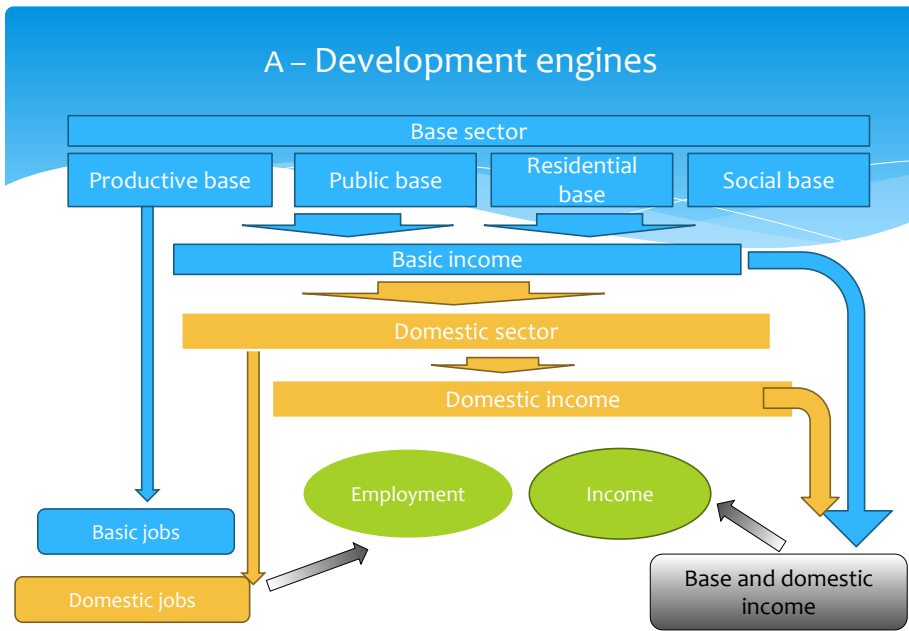
SECTION 2

What is this invisible hand that is linking entrepreneurship with territory in France?

- * A - Development engine in French territories
- * B - Growth is not enough
- * C - The territorial redistribution machine

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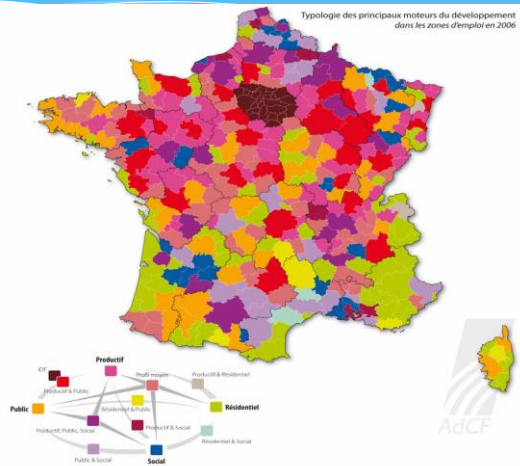
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9

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ENTREPRENEUR as a key component of territorial dynamic
 What is this invisible hand that is linking entrepreneurship with territory in France?
DEVELOPMENT ENGINE



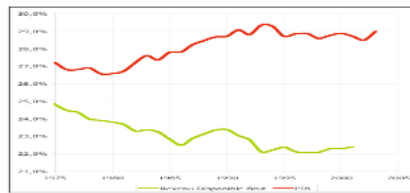
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10

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ENTREPRENEUR as a key component of territorial dynamic
What is this invisible hand that is linking entrepreneurship with territory in France?

- * B – Growth is not enough to capture territorial dynamics

Part île de France dans le PIB national (en rouge: 1975 – 2003)
Part île de France dans le revenu disponible brut (en vert : 1975 – 2001)



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ENTREPRENEUR as a key component of territorial dynamic
What is this invisible hand that is linking entrepreneurship with territory in France?

- * **B – Growth is not enough to capture territorial dynamics**
- * The more productive an urban area is, the less attractive the urban area may be.
- * “Vocation” entrepreneurs may explain productivity, value added, growth but may be a brake for other entrepreneur profile
- * The running territorial model in France is not a productive one, the less productive an area is, the more income earning an area may be

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- * **C - The territorial redistribution machine**

- * **A LOST OF 100 € DUE TO PRODUCTIVE DECLINE IS GAIN OF 80€ IN SOCIAL TRANSFER**
- * Which impact on entrepreneur?
 - * no entrepreneur without transfer. The shift from workers to entrepreneur is a costly process.
 - * the money transfer is individually and territorially a driving factor for a territory to regenerate from a decline to a booming territory and for individual to regenerate from a worker to an entrepreneur.

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TERRITORIAL “INCOME” MATTERS MORE THAN “GROWTH” IN THE REGENERATIVE PROCESS

- * A case study
- * Firm: vocation entrepreneur in B2B biological laboratory.
- * Finance: How it survives the first year
- * Market: customers are located in Nord-Pas-de Calais Region. The entrepreneur is located in IDF.
- * Redistributive externalities: It helps the Nord region to grow, to improve productivity, but its income is flowing to IDF Region

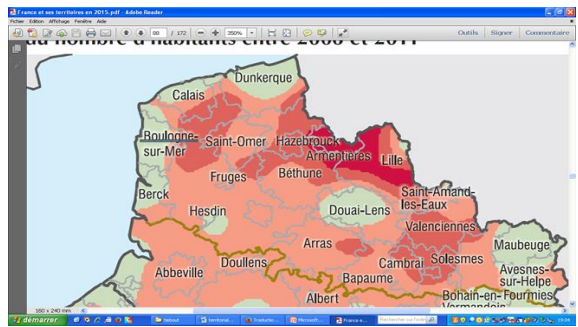
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15

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ENTREPRENEUR as a key component of territorial dynamic

SECTION 3

- * Could we explain the paradox of the “Nord-Pas-de-Calais” Region?



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 ENTREPRENEUR as a key component of territorial dynamic
 Could we explain the paradox of the “Nord-Pas-de-Calais” Region?

* **TERRITORIAL DYNAMIC IN PAS-DE-CALAIS**

Annual growth rate in mean for French New-Region 1990 – 2012 (%)

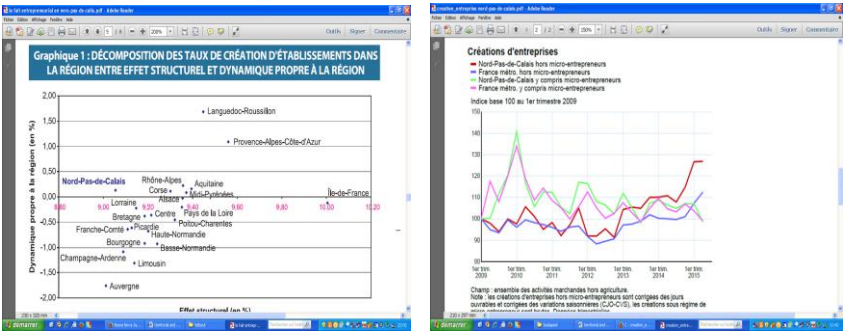
- * 12 regions average: 1.6%
- * Nord-Pas-de-Calais: 1.2 %

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17

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* **ENTREPRENEURIAL DYNAMIC IN PAS-DE-CALAIS**



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Could we explain the paradox of the “Nord-Pas-de-Calais” Region?

- * **Rising sectors: “construction”, “retail trade” and “service”, “consulting firms”**

- * **(1) Agglomeration effects matter (NEG model) bear by metropolitan area, Lille and Roubaix-Tourcoing. urbanization level, economic density, infrastructure, skill or degree level and R&D are positively correlated to the rate of firm creation.**
- * **(2) Rate of unemployment matters as the propensity of out of job people to create their own business or the ease to find available workers for new entrepreneur settlers.**

- * *We can't explain more than a third of firm creation phenomenon*

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19

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Could we explain the paradox of the “Nord-Pas-de-Calais” Region?

Conclusion on the paradox: the invisible Hand

- * Decline in Growth, but the redistribution of income is high, allowing a regenerative economy

- * Growth has become a poor indicator (in short-term or mid-term period) of the ability of a Region to regenerate

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20



THANK YOU

Acknowledgments to

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