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School of Economics

**Policy Roundtable “Industrial diversification, entrepreneurship and regional economic growth”**  
EU H2020 project Financial and Institutional Reform for the Entrepreneurial Society (FIRES)

Belle van Zuylenzaal, Utrecht University Hall, Domplein 29, 3512 JE Utrecht  
Utrecht University, January 26<sup>th</sup>, 2018

The Europe 2020 strategy envisages the EU’s strategic agenda for renewed economic growth and the creation of new jobs, emphasising the importance of smart, sustainable and inclusive growth. Sustainable growth is increasingly based on smart specialisation, where countries and regions develop and extend upon a limited number of activities to take advantage of their comparative advantages and particular strengths. Importantly, there is a growing recognition of the vital significance of entrepreneurs for the success of this strategy. By creating new firms, entrepreneurs constitute a key driving force for the direct and indirect creation of employment. Furthermore, entrepreneurs are particularly well suited to participate in processes of industrial discovery, introducing new innovations and activities that build upon existing strengths of national and regional economies.

In the FIRES project, we have devoted considerable attention to the drivers and effects of entrepreneurship in the EU. One key finding of our research is that entrepreneurship should be analysed within the context of existing portfolios of activities in economies. Contemporary research on economic growth and resilience is focusing on the central question whether sustained economic growth and employment creation are affected by degrees of related and unrelated variety of economic activities. Positive effects of a high degree of relatedness suggest that the introduction of new activities is linked to already existing industries, taking advantage of common pools of knowledge and regional infrastructures. In contrast, positive effects of unrelated variety refer to cases where growth is enhanced by the introduction of radical innovations that create activities that are new to existing portfolios of activities. In our research, we find that entrepreneurship is affected by the degrees of related and unrelated variety of national and regional economies. In this way, portfolios of economic activities are linked to employment growth, by enhancing the degree of innovation, new firm formation and employment creation.

In relation to this, our research also shows that a successful participation in global value chains is important for sustainable economic growth. Value chains of manufacturing and services industries are distributed across numerous national and regional economies, facilitated by decreasing transport costs and trade liberalisation. Increasingly, this allows countries and regions to connect their portfolios of activities to international production processes, specialising in particular tasks of global value chains. Our findings show that EU regions that are participating in such value chains are more likely to experience economic growth and employment creation. Importantly, we also find that these positive employment effects are magnified in knowledge intensive business services and R&D intensive industries, highlighting the crucial roles of advanced technologies and knowledge spillovers.

In the round table, we want to **discuss our ideas on the importance of entrepreneurship for processes of industrial diversification and regional economic growth** in more detail, **disseminate recent research findings** and **foster a debate among the roundtable's participants on new policy recommendations for the further stimulation of entrepreneurship and its effects on industrial diversification and economic growth in the EU**. The roundtable has the following four aims:

1. Inform: Present FIRES research findings to policy makers and practitioners
2. Knowledge circulation: What do the participants make of our research results? What other aspects are important to consider in future research efforts?
3. Debate: Entrepreneurship is assumed to be key for the success of the Europe H2020 Agenda. How do the participants see the role of entrepreneurship?
4. Policy making: What (new) policy making and more fundamental institutional reforms are required to foster entrepreneurship and its role as driver of sustainable growth and creator of employment?

### Program

- 12.30-13.30: lunch
- 13.30-13.45: Introduction – Erik Stam (UU, Chair of the Roundtable)
- 13.45-14.30: Research presentations:  
How to escape the tyranny of path dependence – Koen Frenken (UU)  
Related variety, entrepreneurship and economic growth – Jeroen Content (UU)  
Regional industrial diversification through entrepreneurship policies – Erik Stam (UU)
- 14.30-15.20: Reflections regional policy:  
Marc Hamelers (Ministry of Agriculture)  
Sander Kes (Ministry of Economic Affairs)  
Huib van der Kroon (Ministry of Economic Affairs)  
Edgar van Leest (Brainport / Strategy Unit)  
Hans Rijnten (Economic Board Utrecht)
- 15.20-15.40: Coffee
- 15.40-16.30: Reflections policy research:  
Sjoerd Hardeman (Rabobank)  
Matthijs Janssen (Dialogic / UU)  
Anet Weterings (PBL Environmental Assessment Agency)  
Jonathan Potter (OECD)  
Cees-Jan Pen (Fontys / Brabant Advies)
- 16.30-17.00: Comments academic research &  
Wrap-up – Mark Sanders (UU, FIRES Principal Investigator)
- 17.00-18.00: Drinks



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**Participants:**

*FIRES / Academics:*

Jeroen Content (UU)

Koen Frenken (UU)

Michael Fritsch (FSU Jena)

Jacob Jordaan (UU)

Magnus Henrekson (IFN Stockholm)

Bart Los (RU Groningen)

Axel Marx (KULeuven)

Mark Sanders (UU)

Erik Stam (UU)

Andrei-Gavril Suse (KULeuven)

*Policy / policy research:*

Marc Hamелеers (Ministry of Agriculture)

Sjoerd Hardeman (Rabobank)

Matthijs Janssen (Dialogic / UU)

Sander Kes (Ministry of Economic Affairs)

Huib van der Kroon (Ministry of Economic Affairs)

Edgar van Leest (Brainport / Strategy Unit)

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