SMALL FIRMS IN REGIONAL ECONOMIC DEVELOPMENT

Britain, Ireland and the United States

Over the last twenty years or so major changes have taken place in the attitude of governments towards small firms. No longer is the large firm regarded as the motor for growth and no longer is the emphasis upon scale economies at the plant level. Instead public policy is increasingly directed towards the smaller enterprise. Several European governments have, over the past five years, initiated for the first time programmes of assistance to small businesses, whilst the United States, which has a much longer history of encouraging small businesses, is planning an increased emphasis on the sector in its efforts to increase economic growth and employment.

Several groups are, however, starting to challenge this new orthodoxy and in this collection of papers the contribution of small businesses to economic development is assessed in a number of diverse localities.

The impact which policies designed to create employment and wealth in small firms can have, within a time scale such as ten years, is discussed by many of the authors, and it is clear that the impact of such policies is very long term. The evident divergencies between entrepreneurial behaviour in prosperous and less prosperous areas impact across a broad spectrum of businesses, and mitigate against the successful application of a set of narrow policy initiatives designed to encourage indigenous development. The small businessman is, by definition, independent, and faced with a massive diversity of problems. This, and the fact that the major contribution to economic development in a locality is made by a handful of firms, suggests that public policy cannot assist all small firms, and that it should be directed towards those firms whose improvement in performance (as related to public funds injected) has maximum benefit for the economy as a whole.

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Edited by

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for

REGIONAL STUDIES ASSOCIATION
Contents

List of Contributors vi

1 Introduction D. J. Storey 1

2 Manufacturing employment change in Northern England 1965–78: the role of small businesses D. J. Storey 6

3 New firms and rural industrialization in East Anglia A. Gould and D. Keble 43

4 Spatial variations in new firm formation in the United Kingdom: comparative evidence from Merseyside, Greater Manchester and South Hampshire P. E. Lloyd and C. M. Mason 72

5 An industrial and spatial analysis of new firm formation in Ireland P. N. O'Farrell and R. Crouchley 101

6 Innovation and regional growth in small high technology firms: evidence from Britain and the USA R. P. Oakey 135

7 Regional variations in capital structure of new small businesses: the Wisconsin case R. E. Shaffer and G. C. Pulver 166

8 The world of small business: turbulence and survival A. R. Markusen and M. B. Teitz 193

9 The implications for policy D. J. Storey 219

Index 231
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