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Call for Papers for a Special Issue

POLICY FOR INNOVATIVE ENTREPRENEURSHIP

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Background and Special Issue Purpose

This special issue aims to deepen our understanding of public policies to promote innovative entrepreneurship. We hope to collect exemplary empirical research and theoretical developments that showcase novel empirical strategies, theoretical concepts, and new data sources. Because entrepreneurship is a broad and interdisciplinary phenomenon, we are open to perspectives that combine entrepreneurship with views from other fields such as strategy, public economics, business, sociology, etc.

Innovative entrepreneurship may be distinguished from other forms of entrepreneurship by its emphasis on novel products, services, production methods, or business models. Such innovation should increase the likelihood of firm growth, wealth creation, and the addition of value-added jobs which are crucial for economic development (Acs et al., 2016; Audretsch, 2007; Baumol, 2010; Carree & Thurik, 2003; OECD, 2010). Public agencies and institutions seeking to improve economic growth should consider incentives and rewards that encourage innovative entrepreneurship as well as conventional entrepreneurial activities that produce economic and societal benefits, at the local, national, regional, and international levels.

One approach to facilitating innovative entrepreneurship is to create and protect institutions that establish the "rules of the game." Efficient institutions provide economic freedom to current market participants and ensure that new and small firms also have opportunities to compete in the market (Baumol, 1990; North, 1990; McMullen, Bagby, & Palich, 2008). Policies that address market and structural issues (e.g. external benefits and costs, high transaction costs, public infrastructure) could reduce barriers to new venture formation. Second, policy efforts to incentivize innovation may include organizational sponsorship and human capital development of preferred activities (Amezcua et al., 2013) through tax incentives, business incubators (Amezcua et al., 2013; Kolympiris, & Klein, 2017), science parks (Hobbs et al., 2017), and technology commercialization (Seigel & Wright, 2017). Some national policies go further in the sponsorship of capital market institutions, venture capital, and stock markets (Columbo et al., 2015; Munari & Toschi, 2015).

Empirical research has focused mainly on the evaluation of specific interventions for innovative entrepreneurship, finding examples of both effective and ineffective policies (Autio, & Rannikko, 2016; Cantner, & Kösters, 2012; Jourdan & Kivleniece, 2017). However, we lack a more general assessment of *policy design* for such efforts. Public investments in research, business development, or infrastructure, for example, are typically justified with arguments that the social benefits exceed the private benefits, such that a market economy will not provide enough of these investments on its own (Bradley & Klein, 2016; Holtz-Eakin, 2000). But the exact theoretical mechanisms, and a precise estimate of the effects of policy interventions and their magnitudes, remain elusive. Further, assessment of policies that moves beyond 'average treatment effects' of a specific policy, intervention, or change towards assessments of multiple treatments, including moderated, delayed, or repeated effects, would be worthwhile to assess underlying causal mechanisms.

Theoretical work has analyzed, among other topics, how entrepreneurial activity creates new *groups* of organizations (Chung, 2001), new *networks* of inter-organizational activity (Ahlstrom and Bruton, 2006), and new organizational *forms (David et al., 2013).* These efforts occur across multiple levels of analysis (Kim et al. 2016). Yet, we do not know exactly how these mechanisms for organizing entrepreneurial activity achieve innovation and growth outcomes. Prior syntheses of such policies adopt an efficiency perspective sprung from market-failure analysis. In other words, they focus on fine-tuning an established system rather than assessing its general effectiveness. Policies are then devised to 'correct' the failure – often by incentivising firms and other institutions to enhance R&D and promoting entrepreneurial venturing. The time is ripe for research that also looks at the higher-level institutions related to innovation and entrepreneurship.

While innovation is often highlighted as an important policy focus, entrepreneurs are not the only constituents of public sector employees. Established firms with political connections and financial resources also seek to influence policy through trade associations and special interest groups. These firms often lobby for policies and regulations to maintain an economic advantage and limit competition (Niskanen, 1971; Olson, 1971; Tullock, 1998; Downs, 1962). These strategic interests often compete with the billions of dollars spent annually worldwide to support innovation and entrepreneurship. Currently, we lack comprehensive knowledge about the mechanisms associated with these different forces and whether support for innovative entrepreneurship exceeds, meets or fails to deliver upon their intended outcomes. It is possible that well-intentioned public investments and policy efforts have limited gains combined with unintended consequences of crowding out private investment (Baumol, 2002; Acs, Åstebro, Audretsch, & Robinson, 2016). For these reasons we need a better understanding of the costs and benefits of alternative institutions and policies to promote innovative entrepreneurship for the industries and regions targeted at the macro, industry, firm, and individual levels of analysis (see e.g. *AMP* special issue, Bradley & Klein, 2016).

Possible Research Questions

Some broad questions that contributions to the special issue might address:

- What do public economics, information economics, and public choice theory say about effectiveness of policy interventions under conditions of uncertainty and divergent incentives? How do network theory, institutional theory, or other approaches drawing on sociology inform the discussion?
- How do specific policies or programs channel resources to small scale, experimental, and high-growth new ventures (Haltiwanger, Jarmin, Kulick, & Miranda, 2016; Haltiwanger, Jarmin, & Miranda, 2012)?
- Under what conditions can successful policies outweigh the potential deadweight costs and crowding-out effects on firms not included in policy treatments?
- What distinguishes successful from less successful policies? Are there limits to specific

policy interventions or combination of policies?

Deadline, Submission and Review Process

Submissions to this special issue should be prepared in accordance with SEJ's submission process described at http://sej.strategicmanagement.net/. Submissions are due 1 June 2019. Please indicate that your submission is for the special issue on Policy for Innovative Entrepreneurship. Publication of this special issue is planned for March 2021.

Further Information

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