Chapter 13
How do Entrepreneurial Ecosystems Influence Growth and Development? The Case of the Slovak Republic

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ABSTRACT

Nowadays, stakeholders from public, private and non-profit sectors acting in various types of aggregation in territories are trying to find effective ways to the development. The aim of the chapter is to identify and explain the different forms of entrepreneurial ecosystems as local production systems. And present examples of functioning entrepreneurial ecosystems in the Slovak Republic. At the end, following the theoretical background and the results of the secondary and primary researches, authors identify the key problem areas that should be addressed in collaboration with stakeholders influencing future territorial development and growth of the Slovak regions.

INTRODUCTION

Nowadays, stakeholders from public, private and non-profit sectors acting in various types of aggregation in territories are trying to find effective ways of development. There is a lot of uncertainty in choosing the right way of development, starting or supporting appropriate business activities. Moreover, there is an uncertainty also in the policy and decision making processes, especially in central and eastern European countries. In the literature, we can find many theoretical approaches and practical implications how to develop territories with aim to achieve economic growth.

In the chapter we deal with the issues of entrepreneurial ecosystems and its role in the regional and local development. The aim of the chapter is to identify and explain the different forms of entrepreneurial ecosystems as local production systems by the theoretical review, consequently

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to find the inspirational examples of functioning entrepreneurial ecosystems in the Slovak Republic with various orientation of their activity. At the end, following the theoretical background and the results of the secondary and primary researches, we identify the key problem areas that should be addressed in collaboration with stakeholders influencing future territorial development and growth of the Slovak regions.

The chapter presents the results of the international project of 7th Framework Program of the European Union with the title functioning of the Local Production Systems in the Conditions of Economic Crisis (Comparative Analysis and Benchmarking for the EU and Beyond).

LOCAL PRODUCTION SYSTEMS

Definition of the Local Production System

The theoretical approaches to the definition of local production systems differentiate by the field of realised activities, involved actors, but in all approaches is a dominant preposition to realise the interrelated or common activities.

By Lastres (2003, p. 10) the local production systems (LPS) are defined as “productive agglomerations involving economic, political and social agents localized in the same area, performing related economic activities and presenting consistent articulation, interaction, co-operation and learning processes. It includes not only firms (producers of final goods and services, suppliers of inputs and equipment, service providers, etc.) and their different forms of representation and association, but also other public and private organizations specialized in educating and training human resources, R&D, engineering, promotion, financing, etc.”

The exact definition of the local production system is strongly associated with the history of reproductive capability. This is linked to the principles that govern its self-organisation: the generation of new firms, the expansion of existing firms, the economic and social determinants of the matrix that gives rise to entrepreneurship, the socialisation of knowledge among blue-collar workers; the role played by collective actors; the degree of openness towards the outside (Belussi, 1999).

A local or territorial production system broadly comprises the production equipment, the technological culture and the particular competence or skills necessary for utilising these assets. These physical and intellectual assets give the territorial production system its specific regional or local characteristics (Lundquist, 1999). One of the features of the LPSs is the cooperation among competing local firms to share risk, stabilize markets and share innovation (Markusen, 1996) in formal and informal horizontal and vertical networks (Winther, 2003).

In the literature, we can find different names for the local production systems. But in all case, it is linked with the geographic agglomeration of firms or linked industries. There can be identified two basic approaches – local productions systems as industrial districts and as clusters. Moreover, the theory of industrial district has a basis for the introducing the term – local production systems. We appeared in the literature various forms of this term as territorial production system, localised industrial system, localised ecosystem, technological districts etc. In the chapter, we use a term of local production system as the general term for all kinds of territorial firm’s concentrations.

The cluster approach is established by Porter (1998a, p. 77). He defines a cluster as “a geographic concentration of interconnected companies and institutions in a particular field. They encompass an array of linked industries and other entities important to competition. Clusters also often extend downstream to channels and customers and laterally to manufacturers of complementary products and to companies in industries related by skills, technologies, or common inputs.” He