
Editorial

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Biographical notes: Frank Hoy is Professor of Management and Entrepreneurship and holds the Chair for the Study of Trade in the Americas at the University of Texas at El Paso. He directs a campuswide entrepreneurship education and research programme for the university. He is a past Editor of *Entrepreneurship Theory and Practice* and current Latin America Editor for the *Journal of World Business*.

A major objective of the *International Journal of Entrepreneurship & Small Business* is 'to establish an effective channel of communication between policy makers, government agencies, academic and research institutions and persons concerned with entrepreneurship in society.' One topic affecting all of these stakeholders is economic development. There was a time when economic development was equated with industrial recruitment, what we in the USA refer to as 'smokestack chasing'. Students of the global economy have learned, however, that attracting a large employer to a community or region does not ensure retention of that company. Additionally, the practices of reengineering, rightsizing, downsizing, and similar actions have caused those in both the public and private sectors to reassess time-honoured notions of the risks of investment. Thoughtful observers now consider the encouragement of indigenous venture formations and the growth of new and small firms to be a more desirable form of economic development for a country.

A recent paper in the *Wall Street Journal* criticised educators for failing to prepare curricula and delivery mechanisms that are based on scientific studies of how students actually learn. The same criticism could be applied to economic development policies that are implemented without reference to empirical investigations. In this issue of *IJESB*, we have papers from academic and research institutions that have valuable findings for policy makers and government agencies concerned with economic development. These studies demonstrate the capacity of scholars to provide high quality, factual information for use by economic development specialists.

We begin with Karl-Heinz Schmidt's multi-national comparison of value creation by SMEs. His review of empirical studies leads him to call for training, schooling and counseling in order for SMEs to be efficient resource allocators and, more importantly, to be innovative contributors to their economies.

The next study specifically examines an economic development policy, in this case in Scotland. In an effort to counteract a decline in foreign direct investment, government agencies sought to foster SME growth through assistance in internationalisation. Michael Danson, Ewa Helinska-Hughes, Michael Hughes, and Geoff Whittam describe export support practices with implications for transition economies.

The third paper, by Catherine Leroy-Beltrán, Jerry Haar and Oscar Beltrán, focuses on SMEs in Mexico. The authors compare the results achieved by different industrial sectors under changing economic policies. In this era of global debate of free trade policies, the study concludes that management practices make a difference in performance. They identify strategies for the public sector that may have a positive effect on the survival and success of SMEs.

The paper by Helen Haugh turns our attention from the traditional for-profit sector to social enterprises, i.e., those that place social benefit above financial profit. She proposes that regional development strategies should look not just to the economic impact of organisations, but also to the social and environmental impacts, and provides examples from the UK with international implications.

Michael Porter popularised the practice of organising community and regional development efforts around industrial clusters. In the fifth paper in this issue, N.V. Raghavendra and M.H. Bala Subrahmenya extend the cluster strategy with an emphasis on technology. Their empirical study of firms in India concludes that economic performance is enhanced by higher levels of technological capacity.

The final three papers are less directly related to entrepreneurship and economic development. Nevertheless, there are lessons to be learned, not only by fellow scholars, but also by practitioners and policy makers, from the results of these studies regarding networking and value creation that can lead to applications beyond the firm level.

Louis Raymond and Josée St-Pierre add to the literature that differentiates high growth potential and innovative ventures, from stable, local small businesses with an empirical study that identifies three clusters of enterprises. Policy makers may find their classification scheme useful in devising programs that target innovative ventures with export potential.

Katharine Gundolf and Annabelle Jaouen look into the practices of small and very small firms within a village and report the importance of trust and interdependency. There are clues here for economic development agencies related to the support of collective action.

Finally, Gerald Hills, David Hansen and Claes Hultman present the results of a study of SME owners in Sweden and the USA. They investigate the relation between opportunity recognition and value creation. By using market value added, they further extend the literature on small business performance beyond the traditional measures of revenues and employment.

The aggregated content of this issue of *IJESB* offers valuable insights into the creation and growth of ventures for policy makers and government agencies seeking to develop local economies.