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## Editorial

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## 1 Introduction

Over the last decade, there has been a plethora of literature, both practical and scientific, related to innovation and regional development (IRD) issues. When the issue was elevated to the political agenda (e.g., European Commission, 2002) and funding opportunities arose to study the area due to optimism over the outcomes of IRD, academic interest increased. With this explosion, the subject area has come to the forefront through the developments of specialised academic journals in this area, such as this one, the integration of the area into broader journals (cursory desk analysis showed

IRD research consolidated in about 25 journal areas), and the development of a substantive book literature, to consolidate the area of knowledge. Despite this explosive growth, the widening of the research base, and the frontier, interdisciplinary nature of the topic area, the fundamental question of how to integrate this literature into our collective lexicon (e.g., the classroom, business environment, political sphere) has become complicated by the divergence of the literature itself and how to consolidate it and elevate it into blocks of knowledge (e.g., Wang et al., 2010).

The issue faced in this regard is that IRD cannot, and will not, ever be considered a functional area of knowledge; by its own devices, it will remain a broad area of literature within which too many catchment areas based on types of innovation (from the most simple to the most complex), regions (e.g., specific regions of a country to the entire country level and/or a group of countries where each has its own archetypes), and development (severely underdeveloped to developed); the bottom-line of this is that this combination leads to a severe lack of focus as shown in Figure 1.

**Figure 1** IRD literature confusion



This lack of focus, in and of itself, is not necessarily a bad thing as it may encourage authors from various disciplines to contribute. On the downside, however, unfocused literature tends to be minimalised by the academic community as an area where ‘anyone’ can contribute their perspective and therefore lacks academic rigor and balance. A comprehensive overview of the IRD literature confirms this wide and unlimited opportunity to research and publish in this area where we see, for example, extremely narrow studies such as that by Pinto and Guerreiro (2010) (e.g., innovation in the Algrave Region of Portugal) to much broader studies at the country (e.g., Ring et al., 2010 looking at the U.S.A.) and supra-national levels (e.g., Uyarra, 2010 looking at Europe).

What the literature requires is some form of compartmentalisation of the various thematic areas that lead to its overall development and, by definition, seriousness within both the academic and practitioner oriented realms. Let us also be clear that we in no way seek to dismiss out of hand the important scientific contributions to the IRD literature that have been made by thousands of academics globally; far from it. What we seek to do is provide a consolidated space of research within the area which can be used to focus and structure what it is that we research into an area that will develop more succinctly rather than in the haphazard way that it has done thus far.

## 2 The five Es of IRD

The theme of this special issue is an attempt to begin the process of consolidating the IRD literature into a more focused and functionally sound area. The logic for this consolidation is predicated on the historical development of literature in other areas such as marketing. When one reviews the literature in marketing, it was not until the development of the concept of the 4-P’s that research in the area began to flourish and take focus; it was this ‘compartmentalisation’ of various topics that brought specificity forefront and a shakeout in the belief that ‘anyone’ could write about

marketing. In our view, it is precisely this issue that has been plaguing the IRD literature lately – it appears that any topic area can be brought into the discussion of IRD without fully analysing why and how it fits in to the consolidated whole.

This special issue, to our knowledge, is the first attempt at bringing together what we have coined as the 5-E's of IRD:

- entrepreneurship
- e-commerce/e-business
- education
- economy
- environment (natural/physical).

A review of the literature has broadly shown that each of subject coverage areas can be loosely termed through this framework. What makes this framework even more interesting is the intersection of each, and in fact, all, of these areas to create a foundation framework for IRD. What we seek to do through this special issue is to 'drill down' into the subject coverage areas to create a platform upon which future IRD research and study can be founded.

As well, each of these thematic areas, in and of themselves, incorporates strong functional discipline research and educational characteristics; that is, there are specific bodies of scientific literature that exclusively studies these areas. Also of interest is that each finds itself as a specific area of formal education (undergraduate and postgraduate) giving even more credence to their individual important. When used as a foundation to underpin the integrated IRD framework outlined in Figure 1 what we have is a much more rigorous and methodologically sound foundation to explore IRD in a much more systematic and focused way. Each of the 5-E's proposed has a wide selection of literature supporting their foundation yet we have taken only a microcosm of this to present the framework knowing there is substantive support behind each of them.

### *2.1 Entrepreneurship*

The area of entrepreneurship and the development of small and medium enterprises (SME's) has become synonymous with IRD. One need simply look at the development funding being put forward to develop this by governments (e.g., European Union) to see the importance of this. Reviewing the IRD literature clearly shows that nearly all IRD research to various extents, 'lean' on this area. As indicated by authors such as Mason (2000) and Bygrave (1997), the foundation of entrepreneurship comes from enterprise (i.e., spotting opportunities and turning these into working realities) and developing a culture of making things better. Auerswald (2008) assists in consolidating the link between entrepreneurship theory and the gap between innovation and opportunity which further purports the Schumpeterian view of the consummate entrepreneur as an innovator.

### *2.2 E-business/e-commerce*

According to Bogers et al. (2010), users of innovation, primarily local to the company and in the technology sector, play an important role in developing further innovations. In

terms of IRD this supports the need to develop communities of practice in order to provide a more critical, long-term level of sustainability at the regional level as has been suggested by authors such as Brown and Lockett (2001).

### *2.3 Education*

Gorman et al. (1997) outline the need to develop more comprehensive and structured measures of the effectiveness of education in building, among other things, individually focused IRD communities with a focus on culture. Florida et al. (2008) further emphasise the notion of the importance of education in developing regional know-how and human capital suggesting that it is 'impossible' to align IRD without the educational foundation.

### *2.4 Economy*

From a broader economic perspective and based on a very wide cross section of economic oriented literature, Pacheco et al. (2010) discussed the similarities and differences between institutional theory and institutional economics; from an IRD perspective, interestingly, it is the similarities between them that are of more interest than the differences (e.g., innovation and change, role of interest groups and collective action). The more developed aspect of economic development related to IRD is in relation to social capital. Knack and Keefer (1997) identified the impact of social capital on economic growth and development both at the country and regional levels and this area has grown exponentially since.

### *2.5 Environment (natural and physical)*

One cannot exclude the ever increasing movement towards environmental consciousness within IRD. The movement, for example, towards 'greening' among the other important natural and physical environmental components places a key role on IRD to be both sustainable and 'clean' in order to provide for a broader long-term level of sustainability. Kirkwood and Walton (2010), for example, advance the notion of the 'ecopreneur' who by definition is conscious about his/her own regional development as well as that of regions that are sourced from or may be aided by the particular development.

## **3 Starting to develop a taxonomy**

The call for this special edition generated a wide cross-section of interest from across the globe and, as would be expected, from across the spectrum of the 5-E's outlined. Based on the papers presented we were able to cull the 'best' from each of the 5-E's as a reference/starting point upon which to build an IRD framework. Each of the papers is summarised as below:

In their paper 'The new role of law in stimulating industrial innovation and regional development: the Canadian experience with reflexive law in reconciling economic development, environmental protection and entrepreneurship in the energy industry', Kenny, Vredenburg and Lucas work from the premise that social and environmental pressures are impacting regional development at a growing rate and the development and

application of law has not kept pace with these pressures. The authors suggest that law, and the way it is applied, are critical factors for the development of innovation at a business and regional level. Based on a case study in the Canadian oil and gas industry, it is suggested that managerial innovation can be stimulated by innovative approaches to the application of natural resources law. Reflexive law, which is more about self regulation, social cooperation and coordination, is viewed as leading to new approaches in business and innovation. As companies support sustainable development, understanding this movement will benefit legal, corporate and public interest objectives. The authors conclude that how law is developed and applied can aid in fostering corporate IRD.

As e-business is considered as one of the five drivers of IRD, in their paper 'Towards a systematic e-business excellence framework', Tsironis and Psychogios address e-business excellence and propose a framework that can be used by an e-business organisation for self-assessment purposes in order to measure the strengths and weaknesses across all of its activities. It is suggested that e-business organisations need to coordinate their products or services using information and communication technologies that make the most of streamlined and tightly integrated business processes in order to increase business performance and success. Within this context, the proposed non-prescriptive framework consists of 11 criteria, namely, leadership, strategic planning, processes, marketing, knowledge and information management, technology, security, orientation to customers, orientation to collaborators, human resource management and research and development. These eleven criteria can be used to describe and measure performance. The 12 and final criterion of their proposed framework can be used to measure the results of the organisation's attempts. Each of the aforementioned criteria, which correspond to organisational areas under assessment, is then decomposed into a number of sub-criteria which provide specific measurement context. The paper concludes with a number of possible benefits that the proposed excellence framework can provide to organisations.

The dynamic shift in the EU from fossil fuels to renewable energy is evaluated within the framework of neo-Shumpeterian theory in Krozer's article 'Renewable energy in European regions'. The energy resource mix in the EU has been going through a shift from fossil fuels to renewable energy, which supports the change towards energy decarbonisation and forms of regional development. The development of renewable energy was found to be driven by change agents that could pull together national and regional instruments for project implementation; although this is a growing trend, varying rates of change among countries and regions have been manifested. While peripheries have more abundant and cheaper land and labour, they under perform relative to economic centres. In addition to geographic differences there also exist differences between the renewable energy resources employed and know how and business capacities are suggested to be critical factors for renewable energy growth. Krozer suggests going forward that, based on the forerunner regions, the motivations of moving from fossil fuels to renewables should engage regionally socially engaged actors.

The literature has extensively articulated the impact of social capital and 'ties' as a means of knowledge spillover in business clusters. In their article entitled 'Social capital, clusters, and interpretive fuzziness: a survey of the key literature (with specific reference to economic development in South East Europe)', Vejzagic-Ramhorst, Ketikidis and Huggins extensively summarise the literature related to the relationship between social

capital and learning in relation to South-Eastern Europe as area seen as high in cluster investment and development but low in terms of social capital research. The authors suggest that ‘trust’ is commonly viewed as a key aspect for cluster development in transitionally focused economies such as those seen in South-Eastern Europe; however, it is proposed that a ‘one size fits all’ approach is not the best route forward but rather a more flexible policy that takes into account variations in social capital needs to be considered by the actors involved in initiating, developing, and sustaining cluster initiatives.

In ‘An action research approach: the actualisation of the three statutory tasks: education, research and development, and regional development’, Pirinen looks at the repositioning of higher educational institutions from producers of knowledge and technology towards new forms of action, integration and collaboration and the integration of regionally focused approaches in Finland. It was discovered that creativity and freedom of innovations needs to be supported by learning related to regional development; furthermore, added value is produced when local or global innovation systems are incorporated into the learning process. What is clear is that there needs to be a close, collaborative, and mutually beneficial relationship established between higher education and business as a precursor to the further development of both parties and that an action research orientation is a suitable method for both the linear and relative elements in integrative action.

Will the 5-E framework hold going forward and provide a valid taxonomy within which to base future IRD literatures? Time will be the judge. What it does do, however, is provide a jump-off point for researchers to begin compartmentalising the area into a more formative structure. In order to bring focus, a mechanism needs to be developed to ensure that the literature becomes focused and generates itself in a fluid way. Will there be additions to this framework going forward? The clear answer is yes given where this body of literature started and where it is headed. This initial framework development will hopefully be a precursor along this path.

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