

Title: MENTAL MAPS OF ENTREPRENEURS AND EXPLANATORY LOCATION FACTORS: AN EMPIRICAL INVESTIGATION IN ITALY

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Abstract

Firm location factors have been largely studied by the location theory (see McCann, 2002; Brouwer et al., 2004), and specifically the neoclassical (Lloyd and Dicken, 1992; Hayter, 1997; Krugman, 1995; Fujita et al., 1999), the behavioural (Simon, 1955; Cyert and March, 1963; Pellenbarg and Meester, 1984; Meester, 2004), institutional (Granovetter, 1985; Pellenbarg et al., 2002), and evolutionary (Maskell and Malmberg, 1999; Storper, 1992; Boschma and Frenken, 2006) approaches. On the contrary, the literature studying how entrepreneurs perceive places is quite limited.

Actually, only one line of international research so far has focused on the perception of entrepreneurs, that is to say, on their stated locational preferences, defining an original methodology and applying it to the country-level case studies of the Netherlands, Germany, and Czech Republic (Meester, 2004; Meester and Pellenbarg, 2006; Pellenbarg, 2012; Spilkova, 2007). Within the methodological guidelines provided by this line of research (Pellenbarg and Meester, 1984), the case study of Italy has been recently analysed (Musolino, 2013; 2015; 2016).

Specifically, the study about Italy allowed to give a rating to the 20 NUTS2 Italian regions, and 103 NUTS3 Italian provinces, on the basis of the stated locational preferences expressed by the entrepreneurs who took part at the web survey (leading private firms with more than twenty employees located in Italy, and belonging to a range of branches, essentially part of manufacturing and advanced tertiary sector). The survey has been implemented by an electronic questionnaire, composed of a few questions concerning the characteristics of the firm and the respondent, and by an interactive map of Italy, where the spatial units to be rated (NUTS2 Italian regions, and NUTS3 Italian provinces) were represented. The respondents had to evaluate each spatial unit as a possible location for their hypothetical investments on a five-points ordinal scale ("very unfavourable"; "unfavourable"; "neutral"; "favourable"; "very favourable"), using a stepwise mechanism which enabled the respondents to rate at the same time regions and, eventually/optionally, provinces. Spatial units therefore, both the 20 NUTS2 Italian regions and the 103 NUTS3 Italian provinces, have been ranked assigning them an average rating, spanning, as concerns the provinces, from 1.72 (the lowest average rating assigned to the province of Crotone, in Calabria, Southern Italy) to 4.07 (the highest average rating, assigned to province of Milan, in Lombardy, Northern Italy).

The aim of the present paper is to investigate to what extent the entrepreneurs' perception of the NUTS3 Italian provinces (that is to say, the average ratings that they assigned to them), as resulted from the survey conducted by Musolino (2015), is related to their socio-economic, spatial/infrastructural, environmental and institutional characteristics. In other words, the research question that the present contribution try to answer is: are the mental maps of entrepreneurs strongly related to the provinces' characteristics, and, if so, to which of them? To do so, a descriptive statistics, and an econometric analysis (OLS) allowed to explore the relationship between the perception score, as stated by the entrepreneurs, and the main factors, usually taken into consideration in the most relevant literature (i.e. economic factors – value added, employment availability and skills, sector specialization, inward FDI, Italian MNEs –, geography, accessibility, institutions, social condition, security – influence of organized crime –, environment, and quality of life).

The analysis is run at NUTS3 province level, and refers to the year 2011. The main findings highlight the significant role of economic factors, as expected, and of other kinds of determinants such as accessibility, organized crime, and the quality of local institutions. This means that some contextual factors strongly influence the stated locational preferences of Italian entrepreneurs. For example, the significance of organized crime in Southern Italy, can strongly negatively affect the image of a place, putting it in or out of the "short-list" of preferred places where to locate, independently from the economic convenience to locate there (for example, given by the existence of local policies for supporting FDI). The immediate policy implications of these results is that policy-makers, even before trying to attract investments using for example tax incentives, should first either eliminate or at least reduce the incidence of these anomalous factors.

The paper is structured into six sections. The introduction is followed by a concise literature review on the location factors, and on the perception of entrepreneurs. Section three is dedicated to data and methodology. Descriptive statistics and econometric analysis are presented and discussed in sections four, and five, respectively. Conclusions and further research questions follow.

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