

## **Innovative startups in Regional Innovation Systems in Italy: determinants of new firm formation**

The aim of this research project is to investigate what are the determinants of innovative start-up formation in Regional Innovation Systems (RIS). The choice of the problem is dictated by the growing importance of start-ups in stimulating economic competitiveness through the commercialization of knowledge. Innovation takes place in the specific economic, political, social and cultural context, which must be taken into account in the process of designing effective innovation policies. In the following study, this context will be analyzed in the theoretical framework of Regional Innovation Systems.

Innovativeness is believed to be the key driver of competitiveness and an engine of economic development. Supporting innovation takes central position in the economic policy of the European Union. Despite the highly developed scientific base, European Union countries achieve poor results in terms of commercialization of research, which translates into a relatively low level of innovativeness of economies. The enterprise sector plays a key role in commercialization processes. Start-ups are a particular type of innovative, knowledge-based enterprise with high growth potential. They have greater ability than mature companies to develop breakthrough innovations. Their development is necessary for the development of economic innovation in EU countries. Unfortunately, in many regions, despite their high level of economic development, policy instruments dedicated to supporting start-ups fail to bring the desired results. Hence, it is necessary to explore specific features of RIS that affect the conclusion of start-ups.

### **In this research project the following questions will be addressed:**

1. Do more developed RIS create a more favorable environment for startup formation?
2. What types of regions create the most favorable environment for startup formation?
3. How does regional industrial specialization affect the rate of startup formation?
4. How do human capital, social capital, and cooperation within RIS affect startup creation?

Existing research on the factors affecting establishing new enterprises most often takes into account all newly registered companies, without distinguishing between innovative entrepreneurship and other types of economic activity, e.g. as a form of self-employment. High capital intensity, operating in the area of young industries and the innovative nature of start-ups suggests that the factors behind the creation of this type of firm will be different than in the case of other enterprises.

Economics literature, and in particular the theory of Regional Innovation Systems, suggests that start-ups will be created in areas with high levels of human capital and will concentrate around knowledge centers such as universities and research institutes. According to the concept of Regional Innovation Systems, the creation of start-ups should depend on the knowledge flows and the level of cooperation between the science and business sectors. A preliminary analysis of data from the start-up register in Italy shows that levels of startup entrepreneurship vary widely between regions. However, the reasons for the variation are not well understood and existing theories and empirical studies do not provide sufficient explanations.

The study will be conducted on the basis of a unique database on start-ups in Italy, which contains data on companies with high innovation potential. The specific historical and cultural preconditions in Italian regions, manifesting in significant differences in economic and social development between regions, will allow to explore wide range of variables and their effect on the new firm entry rates.

### **The research will have two stages:**

1. Qualitative exploratory research

In-depth interviews with representatives of innovative start-ups on the factors influencing the decision to establish an innovative company and relationships with other entities within RIS.

2. Quantitative analysis

Analysis of the impact of the RIS development level and individual RIS components on the formation of start-ups. Research using qualitative methods (cluster analysis, multiple regression).

At a further stage of the study, an in-depth analysis will be carried out, to determine how specific RIS characteristics (peripherality, fragmentation of metropolitan regions, lock-in effects in old industrial districts, knowledge bases, institutional specificity and others) translate into the creation of innovative start-ups. The research project could have a significant practical value, helping to develop effective instruments of support for innovative startups. It could allow to adapt the policy solutions to the regional characteristics. Despite being embedded in the context of the Italian economy, the outcomes will be applicable at the European level.