

# The role of industrial policy and heritage in shaping entrepreneurial development in selected second-tier cities: a Franco-Hungarian perspective

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The paper discusses the role of place -specific and path-dependent factors driving entrepreneurial growth in peripheral second-tier cities in various advanced and lagging regions of the EU. An investigation of Grenoble, the historical capital of the province of Dauphiné in the Rhone-Alpes-Auvergne region in South France, and Győr and Pécs in the North and South Transdanubian regions in Hungary will tap into historical and path-dependent factors shaping the very diverse economic development trajectories of the selected second-tier cities with partial or full regional capital functions. The case study will focus on first and second nature (agglomeration) advantages and the role of (subnational and national) entrepreneurial and innovation policies in boosting the innovative performance of their local economies. The study posits that alongside geographical and political peripherality (disconnect from global economic flows, presence of mountains, barriers to extension, etc.), the historical backwardness of the regional economy is a major barrier to creating healthy and buoyant entrepreneurial ecosystems, while the presence of a diverse regional industrial base and developed business support schemes strongly supports the emergence of self-sustaining clusters of the „new economy”. The case study on the three cities with diverse regional backgrounds will allow for an examination of location choices of businesses throughout the second half of the 20th century, driven by the presence of soft locational factors and their variable territorial capital endowments.