
The evolution of high tech firms in small- and medium sized towns

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Abstract

Small and medium-sized towns (SMSTs) have different economic specializations and fulfil important functions in polycentric urban systems. Due to a shortage of studies about SMSTs, little is known about this kind of urban area. Empirical evidence, however, shows that many SMSTs of EU15 countries are catching up with large cities not only in terms of population growth but also in terms of economic performance (Dijkstra et al. 2013).

Although SMSTs have different economic characteristics, the industrial sector is dominant in most SMSTs outside metropolitan regions. Industrial firms can thus have a long history in towns and are crucial for the entire region. In SMSTs where only a few firms dominate the economy, the performance and decisions of such firms has tremendous influence on the town's well-being and wealth. However, firms in SMSTs have to deal with different economic, social and physical conditions than firms in either core regions or even peripheral regions. Yet, there is a research gap about how local conditions in SMSTs influence the evolution and strategies of firms. Research focusing on industrial firms has mainly been conducted in core regions or in the periphery.

Hence, this paper focuses on dominant traditional high tech industry firms in SMSTs in developed countries. We have conducted a multiple case study in the eastern part of Switzerland with six firms in four different SMSTs. It seeks to advance our understanding of how local conditions in SMSTs have influenced the evolution of dominant and successful high-tech firms. Moreover, we are interested in how these firms have managed the balancing act between local embeddedness and global orientation. This can help us understand economic dynamics and development paths in locations that are neither core nor periphery and sheds light on factors that determine the evolution of SMSTs. The results will be embedded in the evolutionary economic geography and contribute to the understanding of economic development dynamics in SMSTs.

Keywords: small and medium, sized towns, high, technology industry, slow innovation

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