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 ful-
fil 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 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 Switzer-
land 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 develop-
ment dynamics in SMSTs.

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

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