

Searching for the Innovator: Geography of Innovation and New Firms in Turkey

Burhan Can Karahasan

Piri Reis University, Turkey
bckarahasan@gmail.com

Abstract:

Modern growth theories point out the importance of technological advances for understanding cross country income differences. Among different factors human capital accumulation and investment in research and development form the background of innovation and technological improvements. While stylized facts are mostly at the cross-country level, country specific cases with foci on the regional dimension is relatively limited. Motivated from this gap, this paper aims to examine the geographical distribution of innovation in Turkey by exploring the spatial distribution of patent registrations. In addition to the examination of innovation's geographical scope in Turkey we also search for the impact of local economic and demographic conditions on the diffusion of new ideas and innovation. Using a long panel data from 1996 to 2019 at NUTS III level we hypothesize that innovation stems from the existence new firms as entrepreneurs in the local economy. Preliminary evidence from different panel specifications confirms that those regions that host relatively more new firms are on average more innovative compared to the others. These results are robust to controlling for certain regional characteristics, structural transformation in production, historically rigid heterogeneities and a host of model specifications.

Keywords: Innovation, new firms, spatial disparities, Turkey

JEL Codes: O30, R10, R11