

**Regional Industrial Identity and Spatial Arrangements
in the U.S. Biotherapeutics Industry, 1976-2004**

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Abstract

We explore the influence of regional industrial identity on the decisions of entrepreneurs, diversifying firms and capital investors about where to locate their organizations and investments. Regional industrial identity is defined as social code, based on shared understandings of audiences, that describes key features of a region and classifies the region as a member of a group of regions sharing similar characteristics. Assuming uncertainty about the location of superior resources and bounded rationality on the part of economic actors, we argue that regional industrial identity is a salient and differentiating signal of the suitability of regions for particular kinds of businesses and thus affects the movement and concentration of industry resources. Empirical analyses of the location and relocation of U.S. biotherapeutics firms and venture capital investments over the period, 1976 through 2004, confirm that regional industrial identity significantly increases (1) the number of venture capitalists who invest in a region, and (2) the entry rates of firms in the region that are started by entrepreneurs who migrated from other regions. This research contributes to our understanding of the spatial evolution of industries especially in situations where multiple regions compete, implicitly or explicitly, to become hosts for particular industry clusters.