

# **How Entrepreneurial Ecosystems Take Form: Evidence from Diversity Impact Initiatives in the Mexican Bajío**

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## ***Abstract***

Over the past several decades, the literature continues expanded and recognized the relevance of context on entrepreneurial activity. Nowadays, the entrepreneurship ecosystems still require a conceptual/empirical discussion about their configuration across the globe. This paper explores how entrepreneurial diversity is contributing to the formation of regional entrepreneurial ecosystems in emerging economies. Using a retrospective multiple case studies, findings confirm the active participation of long-lived diversity entrepreneurs on the societal, economic and technological development of their regions. The study legitimizes entrepreneurial diversity and its involvement in the development of strategic organizations.

## ***Antecedents and Research Question***

Over the past several decades, the determinant factors of a region's wealth have been present in academic and political debate. Entrepreneurship literature has paid attention to the determinant factors on the entrepreneurship variation inside and across countries (Reynolds et al., 1994); the effects of entrepreneurial activity on economic development (Acs and Storey, 2004); the effect of public policy on the quantity/quality of entrepreneurial activity (Acs and Szerb, 2007); and the bi-directional causal relationship between entrepreneurship and regional development (Audretsch and Peña, 2012). In particular, during the last five years, the academic debate focused on the role of entrepreneurial ecosystems on high growth entrepreneurship (Acs et al., 2017). Although the literature on entrepreneurship ecosystems continues to expand, rethinking how entrepreneurship ecosystems are configured still

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demands conceptual and empirical discussion in develop/developing economies. The question remains as to whether a similar relationship exists between entrepreneurial diversity and entrepreneurial ecosystems. Anecdotal evidence suggests that social initiatives have a significant contribution to ecosystems (Thompson et al., 2018). The academic discussions demand theoretical approaches that explain why, how, and when entrepreneurial diversity (family, social, technological, immigrant and solo entrepreneurs) have influenced on the development of regional entrepreneurial ecosystems (and vice-versa) (Welter et al., 2017). Motivated by this gap, this paper explores how entrepreneurial diversity is contributing to the configuration of regional entrepreneurial ecosystems.

### ***Theoretical Foundations***

An ecosystem ecological system comprises a biotic community, its physical environment, and all the interactions possible in the complex of living and non-living components (Tansley 1935). Moore (1993) translated this concept into the management field as a metaphor for positioning the significance of relationships and interaction among suppliers, investors and customers for developing business activities. Then, Isenberg (2010) introduced this terminology into entrepreneurship but especially amongst non-academic audiences. Even though there is no consensus about the entrepreneurship ecosystem definition, previous studies have some conceptual agreements as the interdependent relationships among different actors that are supporting entrepreneurial activities (Acs et al. 2017; Brown and Mason 2017; Autio et al., 2014). According to Mason and Brown (2014, p.5), an entrepreneurial ecosystem is “a set of interconnected entrepreneurial actors which formally and informally coalesce to connect, mediate and govern the performance within the local entrepreneurial environment”. However, there is not clear how these entrepreneurial ecosystems elements take form. Concretely, in emerging economies, entrepreneurship is legitimized as the key driver for growth (Audretsch et al., 2006), as well as entrepreneurship ecosystems as the result of triple

helix actors' initiatives (Guerrero and Urbano, 2017). Therefore, the insights gathered about entrepreneurship ecosystem from advanced economies are not appropriate for explaining the same phenomena in emerging economies that are influenced by certain institutional voids (Puffer et al., 2010). In this vein, the entrepreneurial diversity could (in)directly participate on mitigating the effect of institutional voids (Verheul and Van Stel, 2010), generating spillovers (Acs et al., 2009), and attracting foreign investment (Welter et al., 2017).

### ***Conceptual/Theoretical Framework***

A proposed conceptual framework approximates how entrepreneurial diversity is (in)directly associated with the development of regional entrepreneurial ecosystems in emerging economies. First, in this manuscript, entrepreneurial diversity is understood as diverse types of entrepreneurs (social, family, technological, migrant, solo) that have developed their business initiatives in a specific region (Verheul and Van Stel, 2010; Welter et al., 2017). Second, the central assumption is that entrepreneurs have not only contributed to the socio-economic development of the region but also on the configuration of the current entrepreneurial ecosystem elements (i.e., university, business angels' networks, local development agencies, and promoted regulatory initiatives) (Autio et al., 2014). Therefore, across entrepreneurial generations, the main theoretical arguments are captured in the following propositions:

Proposition 1: Entrepreneurial diversity, through several initiatives across generations, has (in)directly contributed to the economic, societal and technological development of the region.

Proposition 2: Entrepreneurial diversity, through several initiatives across generations, has (in)directly contributed to the configuration of regional entrepreneurial ecosystems.

### ***Methodology***

The research setting is the Mexican Bajío that is a region located in the West North-Central of Mexico and integrated by Jalisco, Aguascalientes, Guanajuato, Michoacan, and Queretaro. Given the strategic geographical position, this region contributes to the twenty per cent to the Mexican GDP (INEGI, 2019). Historically, this region has led several social movements (civil wars, migration) and high-growth industrial development (Automotive, Textile, Aerospace, and Biotech). Moreover, this region has the highest concentration of long-lived entrepreneurial diversity (e.g., family firms with more than 100 years old, at least four generations of migrant entrepreneurs, strong social entrepreneurship movements, and eras of technological transformation). Methodologically, this study adopts a retrospective multiple case studies that is a type of longitudinal case design in which all data, including first-person accounts, are collected when the events and activities under study have already occurred, and the outcomes of these events and activities are known (Street and Ward, 2010). In other words, the effects of entrepreneurial diversity on the configuration of entrepreneurial ecosystems have occurred before the data collection process. To ensure the triangulation proposed by Yin (2014), we used multiple sources to gather data as interviews with at least thirty representative long-lived entrepreneurs (six per state), interviews with at least thirty representative agents of the local ecosystem (six per state), and secondary sources (official documents, reports, media). The data was coded and analyzed according to the proposed model (Miles and Huberman, 1994). The analysis of the encoded data involved the search for common patterns among cases (Eisenhardt, 1989; Eisenhardt et al., 2007) to identify findings that were framed in the entrepreneurial diversity literature, thereby strengthening the internal validity of the research.

### ***Preliminary Results***

Our preliminary analysis confirms the relevant participation of long-lived diversity entrepreneurs that have impacted across on the social, economic and technological

development of their regions. Inherently, triangulating the information, the first generations of entrepreneurs actively contributed to the creation and the development of strategic elements of the regional innovation system and entrepreneurship ecosystem. Just for referencing some examples; at least two family firms' founders were also involved in the foundation of universities and research centres as a part of their strategy to achieve their human capital requirements. The majority of technological entrepreneurs' generations have also participated in the foundation of industrial/commercial associations not only for facing problematics or sharing experiences/good practices with other owners but also for attracting strategic foreign investments in the region. As a consequence, these actions are directly linked with survival strategies and the renewal of traditional sectors. Moreover, several returned-migrant and social entrepreneurs have mitigated the effect of certain institutional voids in the region, as well as in the eradication of poverty in certain zones.

### ***Contributions to the Theory and Practice***

Concerning the academic debates, the first contribution to the entrepreneurial diversity literature is providing, more than just anecdotal evidence, several insights about the key role of entrepreneurs on the configuration of entrepreneurial ecosystems (Autio et al., 2014; Welter et al., 2017). The second contribution to the entrepreneurship literature is the proposed conceptual framework as well as the methodological design that brings the opportunity to be replicated in other contexts (Mueller-Langer et al., 2019). Regarding practitioner and policy makers' debates, the main contribution is the legitimization of the role of entrepreneurial diversity in emerging economies (e.g., economic impacts, technological capabilities, preservation of values, traditions and social norms). Furthermore, the manuscript is evidencing their involvement in the configuration of strategic organizations that are linked with the development of their societies (business associations, research organizations, etc.).

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