

The entrepreneurial ecosystem: A global perspective

edited by Zoltan J. Acs, Esteban Lafuente and László Szerb, Cham, Palgrave Macmillan, 2023. xlii + 381 pp., £129.99 (hbk), ISBN 978-3-031-25930-2, n.p.g. (pbk), ISBN 978-3-031-25933-3, £103.50 (ebk), ISBN 978-3-031-25931-9. <https://link.springer.com/book/10.1007/978-3-031-25931-9>

Angelo Cavallo

To cite this article: Angelo Cavallo (22 Nov 2023): The entrepreneurial ecosystem: A global perspective, *Regional Studies*, DOI: [10.1080/00343404.2023.2273126](https://doi.org/10.1080/00343404.2023.2273126)

To link to this article: <https://doi.org/10.1080/00343404.2023.2273126>



Published online: 22 Nov 2023.



Submit your article to this journal [↗](#)



Article views: 19



View related articles [↗](#)



View Crossmark data [↗](#)

BOOK REVIEW

The entrepreneurial ecosystem: A global perspective, edited by Zoltan J. Acs, Esteban Lafuente and László Szerb, Cham, Palgrave Macmillan, 2023. xlii + 381 pp., £129.99 (hbk), ISBN 978-3-031-25930-2, n.p.g. (pbk), ISBN 978-3-031-25933-3, £103.50 (ebk), ISBN 978-3-031-25931-9. <https://link.springer.com/book/10.1007/978-3-031-25931-9>

What is entrepreneurship at the economy level? Since Baumol's (1996) seminal work, several prominent scholars have attempted to contribute to this question in a 'race' that has introduced various theoretical perspectives, measurement methods and empirical insights. The key question is: Where do we stand in this important race? Zoltan J. Acs, Esteban Lafuente and László Szerb recently published *The Entrepreneurial Ecosystem: A Global Perspective* to address this question. The book does not aim to sell the best definition, measurement model or empirical evidence on entrepreneurial ecosystems. Instead, with accuracy, a fascinating style and intellectual respect, they present the entrepreneurial ecosystem perspective as a way to conceptualise and measure entrepreneurship at the economy level. More specifically, the book enhances our understanding of the historical evolution and establishment of the entrepreneurial ecosystem research field. Without claiming to be exhaustive or the sole repository of unquestionable academic truth, the book provides a transparent and candid account of the merits, limitations and complexities of conceiving entrepreneurship as an ecosystem. In doing so, it paves the way for new research directions to further advance the academic debate.

Acs, Lafuente and Szerb begin with an overview and rationale for their book. They explain how the ecosystem approach, given its academic progress and maturity, provides a solid theoretical foundation for research and policy measures. In chapter 2, the authors comprehensively address the measurement problems in entrepreneurial ecosystem research while also proposing solutions. They introduce an analysis based on the Penalty for Bottleneck (PFB) method to address some of the current measurement limitations. Chapter 3 presents evidence on how entrepreneurial ecosystems stimulate total factor productivity (TFP) by supporting a more effective resource mobilisation and translating into a higher rate of technical change. Chapter 4 introduces and analyses the 'entrepreneurship paradox': while it is generally accepted that entrepreneurship drives economic growth, entrepreneurial activity is often higher in less developed countries. The authors offer cross-country empirical evidence to distinguish between high-quality (productive) and low-quality entrepreneurship and their relative contributions to the economy, explaining and resolving the paradox. In chapter 5, a methodology to monetise the Regional Entrepreneurship Development Index (REDI) is presented, providing a valuable exercise to estimate the cost of improving REDI across 125 EU regions. Chapter 6 advances the REDI approach methodologically, using the Benefit of Doubts

(BOD) technique and aligning it with a complex and adaptive system view of entrepreneurial ecosystems. Chapter 7 provides estimates of the economic impacts of entrepreneurship policy through the most recent version of the Geographic Macro and Regional (GMR)-Europe model. Chapter 8 analyses the link between digital inequalities, digital technologies and the digital ecosystem. Chapter 9 offers an insightful case study that highlights the growing dominance of maximising value and talent over tax incentives and cost minimisation in the knowledge economy era. Chapter 10 traces and analyses the entrepreneurial profile of Elon Musk through a comparison with two other innovators. Chapter 11 discusses how and when to regulate/control digital platforms, which are at the core of a digital platform economy. Additionally, the chapter specifically examines the EU context, historically characterised by complex relationships that make the regulator's task even more challenging. Finally, in chapter 12, the authors review research on entrepreneurial ecosystems, reflecting on the relevance of their complex nature as a useful lens to further advance our current knowledge.

Acs, Lafuente and Szerb have authored a book that delves into the historical evolution of the entrepreneurial ecosystem field and provides a rationale for its significance and widespread adoption in both theory and practice. While the book does not aim to be exhaustive (a challenging task given the extensive literature on the subject), the authors offer valuable insights into why an ecosystem perspective in entrepreneurship is necessary. Some scholars have expressed reservations about introducing 'yet another system construct' in entrepreneurship, especially one that may overlap with concepts such as clusters or industrial districts. However, building upon previous contributions (e.g., Spigel, 2017; Stam, 2015; Acs et al., 2014), the book offers a comprehensive explanation of the distinctive features of the entrepreneurial ecosystem. It engages in a robust theoretical discussion about the importance of fostering an ecosystem to promote entrepreneurship at regional level. Furthermore, the book provides compelling empirical evidence supporting Baumol's (1996) argument that entrepreneurship is not a monolithic entity. Just as in any human phenomenon, there is both 'bad' (less productive) and 'good' (more productive) entrepreneurship. From a policy perspective, what matters most is creating the systemic conditions that encourage the emergence of good entrepreneurship, as elaborated in chapters 3, 4 and 6.

The book devotes a significant amount of attention to methods for measuring and assessing the entrepreneurial ecosystem at regional level. Admittedly, the debate is far from reaching a definitive method. However, the authors merit credit for offering a comprehensive and critical overview of the various methods employed in the literature, along with their relative strengths and weaknesses. They demonstrate how the literature has progressed over the years in this regard and also introduce novel advancements to some of their original methods to capture the complex nature of entrepreneurial ecosystems (chapters 2, 4 and 7). By employing these methods and presenting empirical evidence, the authors further support the argument for the need for tailored policies

to promote entrepreneurship at the regional level. Different entrepreneurial ecosystem types exist (Audretsch & Beliski, 2021; Cavallo et al., 2023). There is no one-size-fits-all formula, even though digitalisation is breaking down geographical barriers. Entrepreneurial ecosystems remain embedded in unique territory-specific contexts (Acs et al., 2018).

Acs, Lafuente and Szerb argue that further integration between the entrepreneurial ecosystem and other disciplines is a prerequisite for establishing a robust cross-disciplinary research framework and, ultimately, for comprehending entrepreneurship at the economy level. In particular, the book explains ‘why’ and ‘how’ we should integrate and draw from complexity theory (Roundy et al., 2018). It reflects on the connection with the digital ecosystem and platform economy, clearly demonstrating how scholars have made significant strides in leveraging insights from digital technologies and regional development literature. Simultaneously, the book plays a crucial role in paving the way for new directions in expanding our understanding of the entrepreneurial ecosystem through cross-disciplinary efforts. For example, while the book elucidates the rationale behind Acs and colleagues’ argument that ‘the accurate analysis of the entrepreneurship function needs to go beyond the entrepreneurs’ (p. 2), it recognises a key distinctive element of the ecosystem approach to entrepreneurship, namely the ‘shift from a focus on firms to a focus on individuals, including entrepreneurs, investors, dealmakers, and other entrepreneurship supporters’ (p. 10). I believe this could mark a bold step toward further advancing our knowledge of entrepreneurial ecosystems. Although not central to the book’s arguments, the authors devote specific attention to the roles of entrepreneurs and talents in a knowledge economy (e.g., chapters 9 and 10), thereby opening avenues for future research. The ecosystem construct and the biological metaphor have diverted attention away from the core of entrepreneurial ecosystems, which is the entrepreneurs and individuals (Roundy & Lyons, 2023). We should begin to reflect more on individuals and on ‘what actors really do’ in ecosystems for regional development. In this sense, for instance, the business model construct can be helpful (Cosenz et al., 2023). More generally, it could be beneficial to incorporate more strategy and regional development knowledge into the theory and methods of entrepreneurial ecosystems to understand micro-dynamics and their connection to macro-level outcomes (e.g., the number of scale-ups or unicorns) at regional level. When entrepreneurs achieve successful exits, they can reinvest their money in entrepreneurial ecosystems, generating a cycle that reinforces the ecosystem. Thus, micro-dynamics at the individual and firm levels can act as triggers for macro-dynamics at the regional level.

In conclusion, is the ecosystem perspective effectively addressing the question of what constitutes entrepreneurship at the economy level? I believe that Acs, Lafuente and Szerb have provided a robust narrative and response regarding how the ecosystem perspective can be beneficial for promoting entrepreneurship within economies. Scholars will need to

further advance this debate in multiple directions, including (but not limited to): (1) expanding research methods; (2) avoiding the tendency to overlook micro-dynamics and their impact at the ecosystem level; and (3) establishing a solid cross-disciplinary research framework, among others.

Acs, Lafuente and Szerb have laid the groundwork for progress in these areas by candidly acknowledging the limitations and advancements made in over two decades of entrepreneurial ecosystem research. If the future of entrepreneurial ecosystem research aligns with the premises elucidated in this book, it promises to be brilliant and fruitful in contributing to the global economies.

References

- Acs, Z. J., Autio, E., & Szerb, L. (2014). National systems of entrepreneurship: Measurement issues and policy implications. *Research Policy*, 43(3), 476–494. <https://doi.org/10.1016/j.respol.2013.08.016>
- Acs, Z. J., Estrin, S., Mickiewicz, T., & Szerb, L. (2018). Entrepreneurship, institutional economics, and economic growth: An ecosystem perspective. *Small Business Economics*, 51(2), 501–514. <https://doi.org/10.1007/s11187-018-0013-9>
- Audretsch, D. B., & Belitski, M. (2021). Towards an entrepreneurial ecosystem typology for regional economic development: The role of creative class and entrepreneurship. *Regional Studies*, 55(4), 735–756. <https://doi.org/10.1080/00343404.2020.1854711>
- Baumol, W. J. (1996). Entrepreneurship: Productive, unproductive, and destructive. *Journal of Business Venturing*, 11(1), 3–22. [https://doi.org/10.1016/0883-9026\(94\)00014-X](https://doi.org/10.1016/0883-9026(94)00014-X)
- Cavallo, A., Colombelli, A., D’Amico, E., & Paolucci, E. (2023). ‘Balanced’ or ‘polarized’ entrepreneurial ecosystem types? Evidence from Italy. *The Journal of Technology Transfer*, 1–30. <https://doi.org/10.1007/s10961-023-10018-w>
- Cosenz, F., Noto, G., & Cavallo, A. (2023). Understanding the microfoundations of entrepreneurial ecosystems: toward a value-based method and theory. *IEEE Transactions on Engineering Management*. <https://doi.org/10.1109/TEM.2023.3275097>
- Roundy, P. T., & Lyons, T. S. (2023). Where are the entrepreneurs? A call to theorize the micro-foundations and strategic organization of entrepreneurial ecosystems. *Strategic Organization*, 21(2), 447–459. <https://doi.org/10.1177/14761270211056240>
- Roundy, P. T., Bradshaw, M., & Brockman, B. K. (2018). The emergence of entrepreneurial ecosystems: A complex adaptive systems approach. *Journal of Business Research*, 86, 1–10. <https://doi.org/10.1016/j.jbusres.2018.01.032>
- Spigel, B. (2017). The relational organization of entrepreneurial ecosystems. *Entrepreneurship Theory and Practice*, 41(1), 49–72. <https://doi.org/10.1111/etap.12167>
- Stam, E. (2015). Entrepreneurial ecosystems and regional policy: A sympathetic critique. *European Planning Studies*, 23(9), 1759–1769. <https://doi.org/10.1080/09654313.2015.1061484>

Angelo Cavallo
Politecnico di Milano, Milan, Italy

✉ angelo.cavallo@polimi.it

ORCID <http://orcid.org/0000-0002-9208-6870>

© 2023 Angelo Cavallo
<https://doi.org/10.1080/00343404.2023.2273126>

