

How places can modify capabilities of entrepreneurial ecosystem dynamics?

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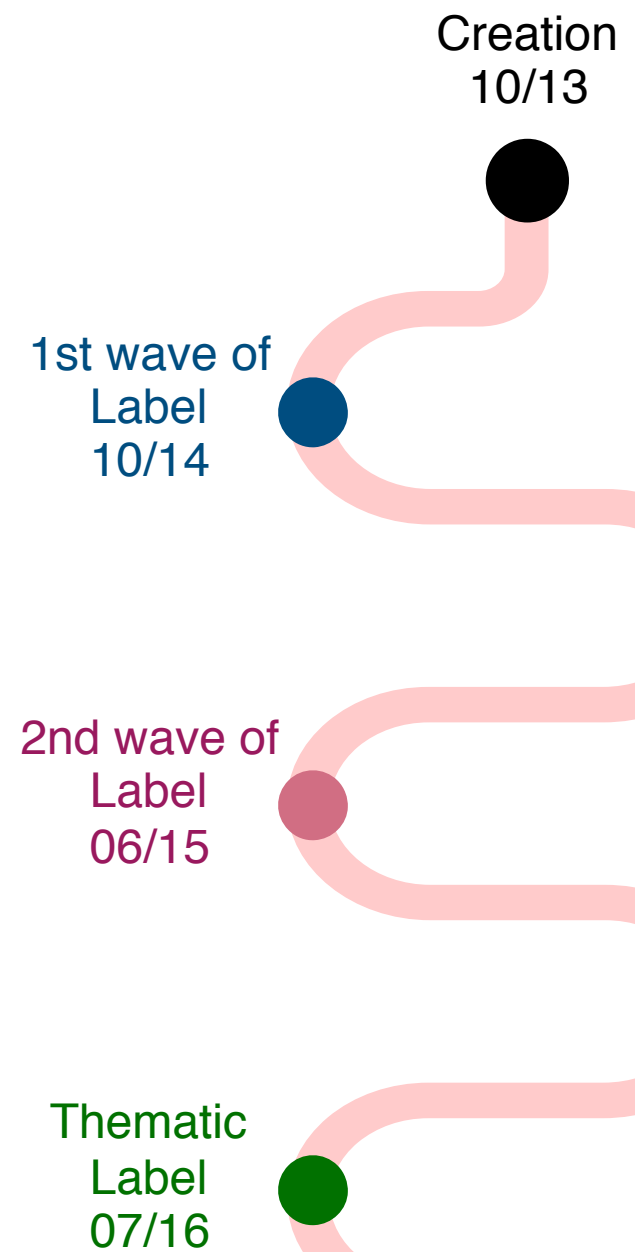
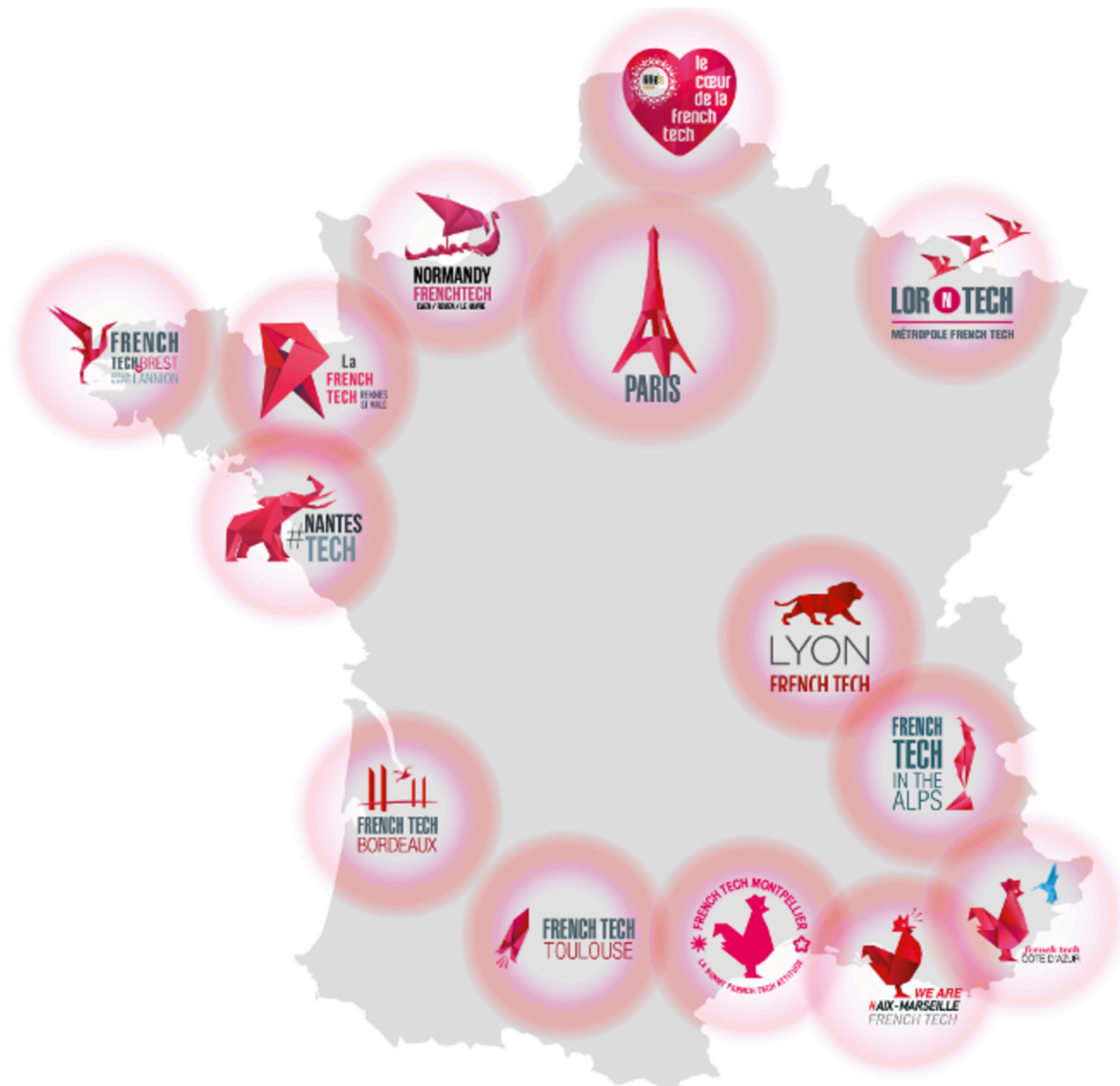
under the supervision of Pr Dominique Martin and Pr Raphaël Suire

Knowledge Dynamics, Industry Evolution, Economic Development
KID 2017 Thematic School InSHS CNRS

Introduction

- ☑ Today french startups are getting more weight than ever in the French Economy.
In 2016, **they raised 2.2 Billions €** that is two time more than in 2014 (973 Millions €)
- ☑ The **number of co-working spaces quickly grown** over last years in France (from 250 to 360 in 2015)
- ☑ The **biggest Startup dedicated place** in Europe opened the 23th of June in Paris (**La Halle Freyssinet - Paris 13ème**),
- ☑ **French Tech label** is a publicly funded initiative to promote French startups under a single brand in France and abroad.
Today, 14 cities are under this label and publicly recognize as tech-entrepreneurial area by the government.

French Tech Labelization Timeline



Research Questions

- ◆ **How places density or diversity affect the whole entrepreneurial ecosystem?**
- ◆ **Did public policies and initiatives, as French Tech Label, give a real advantage to certain cities compare to the others?**
- ◆ **Are places localizations, close to city center or close to particular companies or urban amenities, affect their performances?**
- ◆ **Are places hybrids' models more efficient than other through one ecosystem?**

Structure of presentation

A. Literature Review

1. General part
2. From Clusters ...
3. ... To entrepreneurial Ecosystems
4. Entrepreneurship needs
5. Relationships in Entrepreneurial Ecosystems

B. How to define Places ?

C. Research Hypothesis

D. Actual Data & Methods

Literature Review

- From Marshall Industrial district
 - The **concentration** of an industry in a city helps **knowledge spillovers between firms** and, therefore, the **growth** of that industry and of that city (1890)
 - “The concentration of **specialized industries in particular localities**” give them benefit from the fact that “the secret of industry are **in the air**” or create a particular “**atmosphere**” (1920)
 - **Hereditary skill** (1920), **the growth of subsidiary trades** (1920), **the use of highly specialized machinery** (1920), **local market for special skill** (1920), **Industrial leadership** (1919), **Introduction of novelties into the production process** (1920) are six advantages and source of innovation support.
- From Schumpeter approach :
 - The **function of entrepreneurs** is to reform or revolutionize the pattern of production by **exploiting an invention** or, more generally, an untried technological possibility for **producing a new commodity or producing an old one in a new way**, by opening up a new source of supply of material or a new outlet for products, by reorganizing an industry and so on. (1942)

Literature Review

- “Why some cities grow and others stagnate and decay?”
- **Cities** have not just played an important role in history, they are also the **motor behind national economic development**.
The **most important knowledge transfers** come from outside **the core industry**.
As a result, **variety and diversity of geographically proximate industries rather than geographical specialization promote innovation and growth** (Jacobs, 1969)
- "the three 'T's" (Florida, 2004) :
 - **Talent** (a highly talented/educated/skilled population),
 - **Tolerance** (a diverse community, which has a 'live and let live' ethos),
 - **Technology** (the technological infrastructure necessary to fuel an entrepreneurial culture)
- In Rise of the Creative Class, Florida argues that members of the Creative Class value **meritocracy, diversity and individuality**, and look for these characteristics when they relocate (2002)

Literature Review

From Clusters...

- **Clustering** is a phenomenon linked to **geographic concentrations of national industries** which origin from vertical or horizontal relationships between companies. Firms in a cluster are often **located in a single town or region** within a nation (Porter, 1990)
- The power of a cluster lies in **fierce competition** within it, which obliges the firms to **elevate their standards of performance**. (Porter, 1990)
- According to **knowledge-based theory** of spatial clustering, **innovation, knowledge creation and learning** are results of interactive processes where actors with **different types of knowledge come together to solve problems**. (Bachtelt et al. , 2004)
 - When knowledge is codified, these processes are less space-sensitive.
 - When the knowledge is tacit the interaction and exchange are dependent on the spatial proximity of the actors.

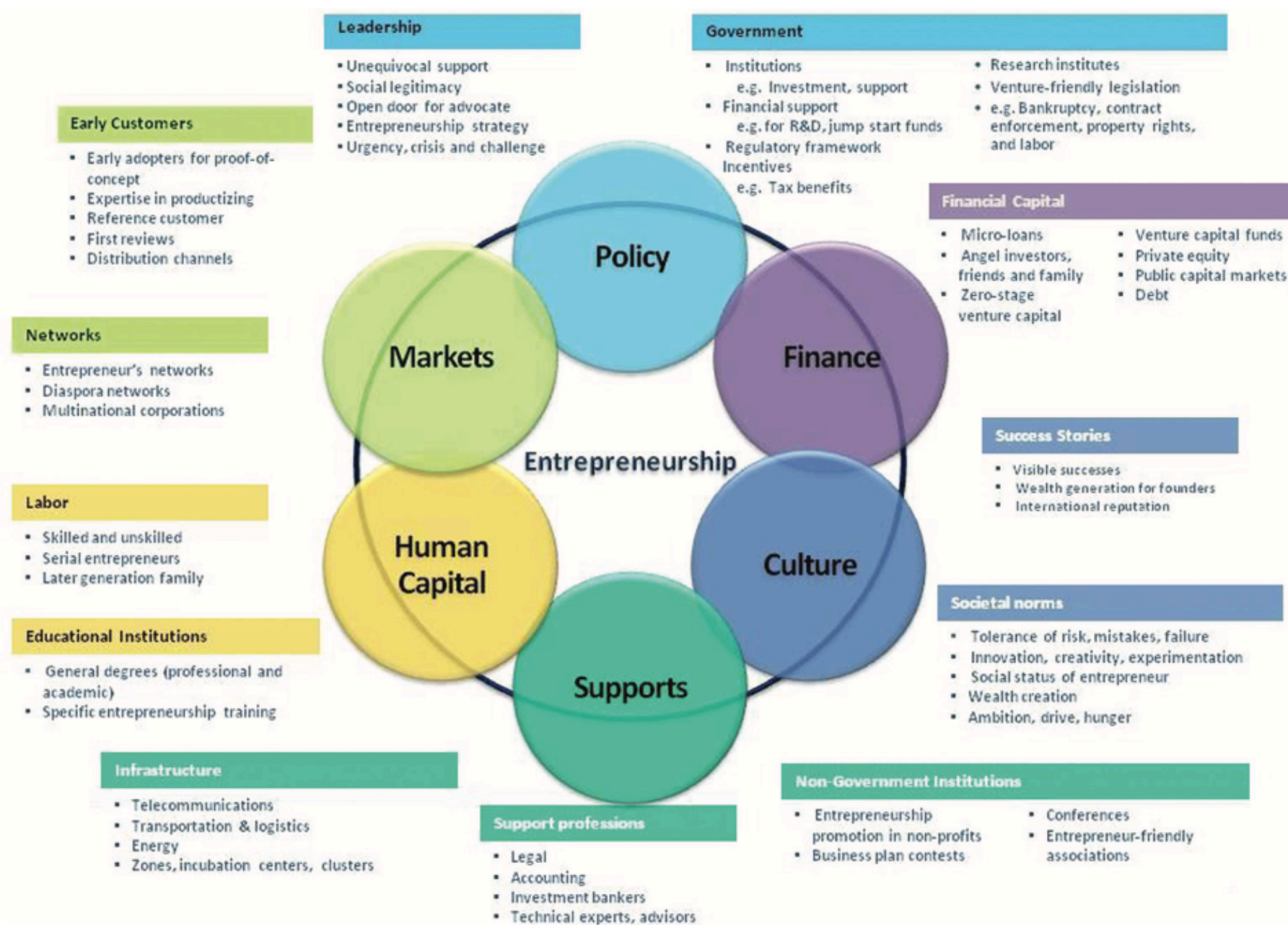
Literature Review

... to Entrepreneurial Ecosystems

- Entrepreneurial ecosystems represent **a diverse set of inter-dependent actors** within a **geographic region** that influence the formation and eventual **trajectory** of the **entire group** of actors and potentially the **economy as a whole** (Cohen, 2005)
- ‘a set of **interconnected entrepreneurial actors** (both potential and existing) which formally and informally **coalesce to connect, mediate and govern the performance** within the **local entrepreneurial environment** (Mason and Brown - OCDE - 2014)
 - **entrepreneurial organisations** (*e.g. firms, venture capitalists, business angels, banks*),
 - **institutions** (*universities, public sector agencies, financial bodies*)
 - **entrepreneurial processes** (*e.g. the business birth rate, numbers of high growth firms, levels of ‘blockbuster entrepreneurship’, number of serial entrepreneurs, degree of sellout mentality within firms and levels of entrepreneurial ambition*)
- The entrepreneurial ecosystem approach **not only sees entrepreneurship as a result** of the system, but also sees the importance of entrepreneurs as **central players** (leaders) in the creation of the system and in **keeping** the system **healthy** (Stam, 2015)

Literature Review

Entrepreneurship needs :



Source : Isenberg, 2011

Literature Review

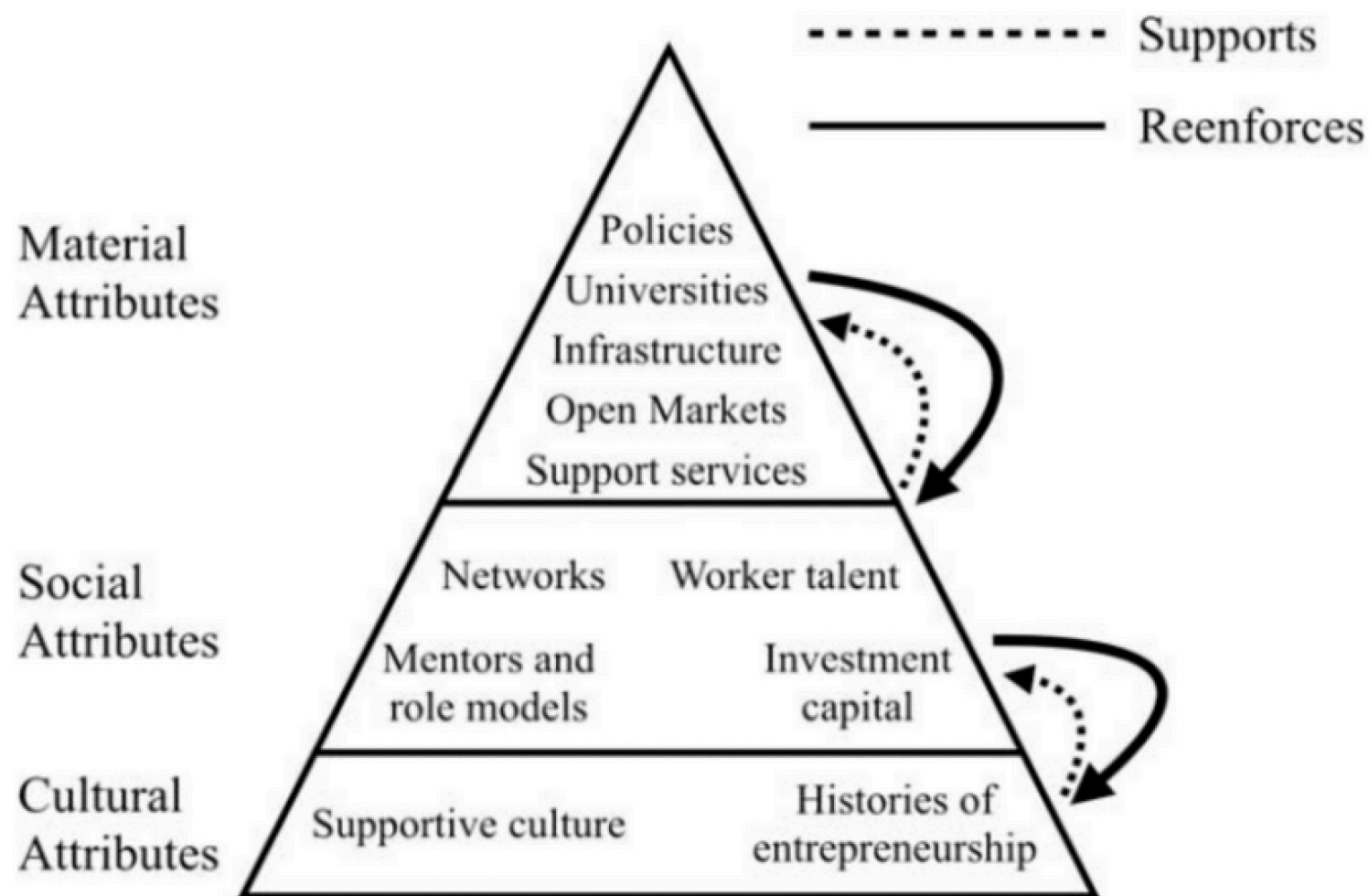
Relationships in Entrepreneurial Ecosystems

According to their nature, places could be considered as **support services**.

They respond to entrepreneurs needs in terms of :

Networks
Investments opportunity,
Talented workers
&
Experienced Mentors
providers

So they can be considered as real connectors within ecosystems.

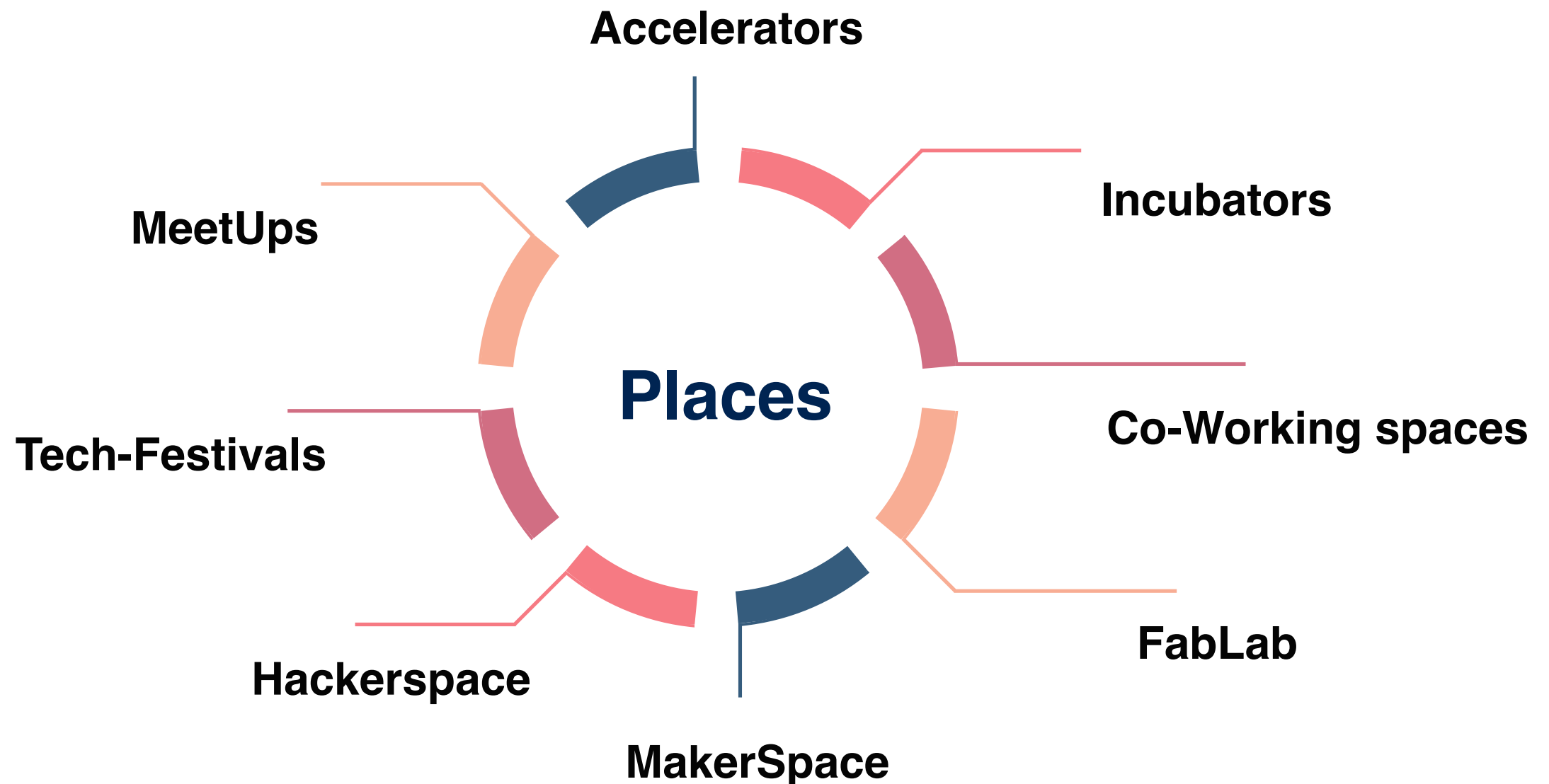


Source : Spigel, 2015



Survival Startups 5 years after some accelerators programs : around 80%

How to define Places ?



Middleground is constantly navigating between **the informal and the formal world**, and acts as a means to **promote exploration as well as exploitation mechanisms simultaneously**. It presupposes therefore the existence of intermediary groups and communities that **link the informal underground culture** with formal organizations and **institutions from the upperground** (Cohendet, 2010)

Research Hypothesis

Level of analysis : Cities in France

◆ *How places density or diversity affect the whole entrepreneurial ecosystem?*

◆ **H1 : An higher density of places affect positively the number of technological startups created in the territory**

◆ **H2 : More diverse are types of places available more efficient will be the whole ecosystem.**

◆ *How public policies and initiatives, as French Tech Label, give a real advantage to certain cities compare to the others?*

◆ **H3 : Public initiatives that are « ex-post awards » will reinforce the number of entrepreneurship supportive structures**

◆ *Are places localisations, close to city center or close to particular companies or urban amenities, affect places performances?*

◆ **H4 : Places located close to urban amenities (cafés, shops...) will survive longer than others (except if part of technological parc, or link to Education Structures)**

◆ *Are hybrids' places more efficient than single ones through ecosystems?*

◆ **H5 : Places with several attributes (co-working + incubator) are much more willing to give**

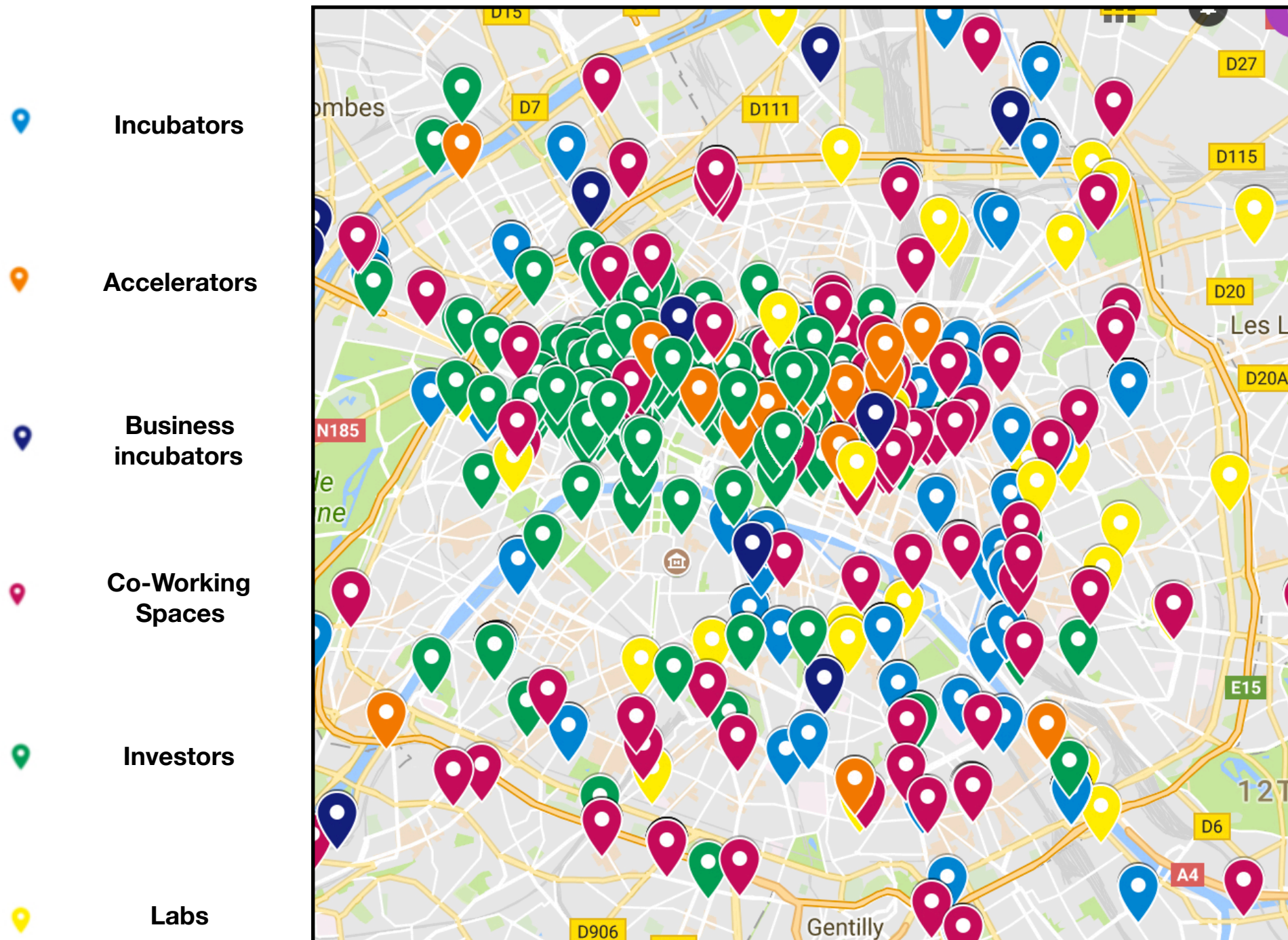
Places in france (3500)



Source : own Google Map



Places in Paris



Source : own Google Map



Thank you for your attention !

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