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Entrepreneurship in Emerging Regions Around the World: Theory, Evidence and Implications [Hardcover]


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Three leading researchers in this subject have edited *Entrepreneurship in Emerging Regions*. The ten chapters in this edited book are the compilation of papers presented during a 2006 academic conference at the Indian School of Business (Hyderabad, India). Each chapter deals with a specific research subject pertaining to emerging regions in India, China, Ireland, Eastern Europe, North and South America, and North and Southeast Asia. These chapters have been written for scholars interested in emerging entrepreneurship, business creation and development, policy making and economic development drivers, venture capital, and business responses to entrepreneurial opportunities in emerging economies. The editors’ intention is to present a critical perspective of this research field in order to encourage new thoughts and approaches for future research.

This book is structured in four parts; the editors provide an outstanding introduction that recapitulates and links each of them. The first part of the book entitled “Institutional Determinants of Entrepreneurship in Emerging Regions” is composed of three chapters. These chapters focus on the key determinants that can clarify why some regions become fundamental centers of techno-entrepreneurial activities while other regions do not. The authors concentrate on some variables related to institutions, capabilities and the access to resources.

The first chapter, “The Dynamics of an Emerging Entrepreneurial Region in Ireland,” by F. Roche et al. proposes some conceptual foundations of the book. This chapter focuses on Venkataraman’s (2004) virtual cycle to understand the factors of the successful software cluster in Dublin. Some theoretical implications and future research issues are also discussed.

The second chapter, “The Entrepreneurial Drivers of Regional Economic Transformation in Brazil,” by J. Cezar et al. is based on the four principles of the effectuation theory proposed by Sarasvathy (2001). This chapter analyzes the entrepreneurial drivers of economic transformation in Brazil. The case of the MOVAL Company is also studied. Implications and future research issues are discussed.

The third chapter, “Institutional Transformation during the Emergence of New York’s Silicon Alley,” by A.T. Arikan shows the growing and declining phenomena of the media industry in the Silicon Alley during the ‘90s. This case illustrates how early networking activities of entrepreneurs influence the creation of a new media community.

This first part of the book, based on Venkataraman’s (2004) conceptual framework, underlines the importance of explaining the complexity of entrepreneurial activity as path dependence and recursive interactions among factors (tangibles and intangibles).

The second part of this book, “Government and Non-Governmental Organization Influences on Entrepreneurship in Emerging Regions,” is composed of two chapters. The authors are focused on the role of the government in the transformation of emerging regions. Some implications from a critical perspective are offered to policy makers. Chapter four, “Institutional Entrepreneurship in the Emerging Regional Economies of the Western Balkans,” by D. Fletcher et al. introduces their own notion of institutional entrepreneurship: “rather than focus on special individuals as the key agents of institutional entrepreneurship, we draw attention to the cumulative effect of local action strategies in enacting entrepreneurship” (p. 126). This chapter shows at least two possibilities for further research in this subject from the Institutional Theory perspective. First, this theory has not been sufficiently applied in empirical research in emerging regions. Second, the institutional transformation as a consequence of local level changes through individual acts is under-examined. Some implications are discussed.

Chapter five is entitled “The Role of Government in the Formation of Late-Emerging Entrepreneurial Clusters of India” by K. Ramachandran and R. Sougata. This chapter is based on an exploratory study of the role of entrepreneurial leadership in creating and developing clusters in the Information Technology (IT) industry. The authors highlight the importance the role of an entrepreneurial government in creating clusters.

In part three entitled “Emergence of Venture Capital in Entrepreneurial Economies in Emerging Regions,” two
chapters analyze the role of government policy in developing or inhibiting a venture capital sector in emerging regions. This part considers key factors as market failures: public and private sources of funding as well as the right incentives and drivers for developing a private venture capital industry. Chapter six, “A Comparative Analysis of the Development of Venture Capital in the Irish Software Cluster,” by F. Barry and B. Topa compares the experiences of the United States, Israel, and Ireland. The authors suggest that high technology activities and the development of a critical mass of start-ups are required to create a successful venture capital sector. The Avnimelech and Teubal (2006) model is tested in these three cases. Implications for future research are discussed. Chapter seven, “Policy Intervention in the Development of the Korean Venture Capital Industry,” by Ch. Seungwha et al. focuses on the Information Technology industry. The authors analyze the Korean government’s unique policy drivers for promoting venture-related industries. Implications and future research are discussed at the end of the chapter.

Finally, part four, “Firm Level Responses to Entrepreneurial Opportunities in Emerging Regions,” is composed of three chapters. The authors study the way entrepreneurs and their firms are able to manage the opportunities and the threats of their emerging regions. Some insights on the way entrepreneurs influence their environment are discussed. Chapter eight, “The Founding Conditions of Entrepreneurial Firms as a Function of Emerging Institutional Arrangements in China,” by A.B. Supapol et al. is the only statistical study of the book. The authors analyze macro-economic variables such as political, regulatory, and institutional factors and a firm’s startup time over its actual performance. This study has two key conclusions. First, institutional drivers at different periods of time may have a positive or negative effect on a firm’s performance. Second, key differences between private and state-owned firms were found. Future research issues are presented and discussed.

Chapter nine, “The Entrepreneurial Role of Border Traders in Laos and Thailand,” by E. Rubesch illustrates the way border traders interact with formal and informal systems in order to compete via value-added services with authorized distributors and not only by price. Chapter ten, “The Value of Social Capital to Family Enterprises in Indonesia,” by M. Carney et al. is based on stage theory and analyzes the case of an Indonesian family business. The authors found that significant economic development of this emerging region occurred without a fundamental transition in the underlying institutional environment. “Links with a family clan as well as domestic and overseas dialect groups represent inherited sources of bonding capital and links with governmental, foreign, and domestic Indonesian business that represent a self-created bridging capital” (p. 315). Future research issues are presented and discussed.

The various authors of this edited book uncover several research questions and issues. They test and discuss some theoretical models with, in the majority of chapters, the case study method.

Despite the contributions we mentioned above, it is important to mention some implications of the key implicit assumptions of this book. It seems that entrepreneurship causes an emerging regional development or some particular regional characteristics that make one specific region develop more entrepreneurial activities than others. In both cases, the authors assume a causal relation between entrepreneurial activities, government intervention, and an emerging region’s development. No evidence is shown in relation to this assumption. Perhaps one of the most important challenges for future research is to isolate the effect of the variables analyzed in this book in order to verify cause-effect relationships- avoiding the effects of other variables- and to provide some evidence on these by using structural models.

Another relevant implication is taking into account a control group in order to compare successful cases with unsuccessful ones in the same emerging region as well as comparing government entrepreneurial-supported activities with those which are not government supported in successful and unsuccessful emerging regions. These will contribute to a better understanding of the relevant issues studied in this book. Finally, it is important to think about the representativeness of the cases and industries taken into account in this book and consider others that contribute to the understanding of the key issues exposed in this book as well.

Although the book’s title mentions “emerging regions around the world,” it really focuses on three continents: Asia, Europe, and America; most of the chapters deal with Asian countries.

However, the authors do a good job by giving entrepreneurship scholars and policy makers in emerging regions insights that should be analyzed and discussed. Thus, the work extends beyond entrepreneurship and policy-making literature and has the potential to be a useful reference for scholars looking for new approaches in these fields.

Finally, this book is an interesting and helpful collection of case studies and grounded theories on entrepreneurship and the development of emerging regions. For scholars looking for new insights in this field, this is a good book to read. They will find in the literature review of each chapter the research developed, the relevant theories and frameworks, and key insights to formulate new research questions to increase their understanding of the field.