

Innovative Ecosystems or Copycat Monocultures?
Entrepreneurship policies in Europe

2024 SME Assembly in Budapest, Hungary

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I will be somewhat provocative...

Time for Q&A at the end

I will ask YOU some questions on Slido – get your phones out!





“First – and most importantly – Europe must profoundly refocus its collective efforts on closing the innovation gap with the US and China”
Mario Draghi

The future of European competitiveness

Part A | A competitiveness strategy for Europe

SEPTEMBER 2024



The US and China got there
through very different paths

Which path should Europe choose?

Focus on entrepreneurship policies

Europe seems to be on a path...

Is it the right one?

I will identify 3 problems and some possible solutions

The Silicon Valley Model

The Silicon Valley Model of Entrepreneurship Policy



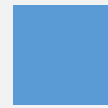
A university with excellent research



Entrepreneurial students and researchers



Incubator and/or accelerator



Experienced mentors, venture capital, business angels



Arenas where people can meet



This leads to a vibrant Entrepreneurial Ecosystem





The US is phenomenal at cultural influence



Coca-Cola

McDonald's

Coca-Cola

The Silicon Valley myth is extremely strong in Europe

Which companies are you more familiar with?

Largest Tech companies Silicon Valley

- Apple
- Hewlett Packard
- Google
- Oracle
- Intel
- Cisco
- Facebook
- Broadcom
- Adobe
- eBay

Largest Tech companies Europe

- ASML
- Accenture
- SAP
- Dassault
- NXP
- Infineon
- STMicroelectronics
- Capgemini
- Amadeus
- Atos

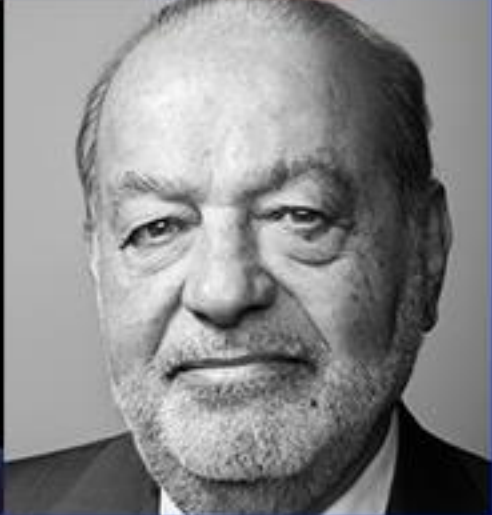
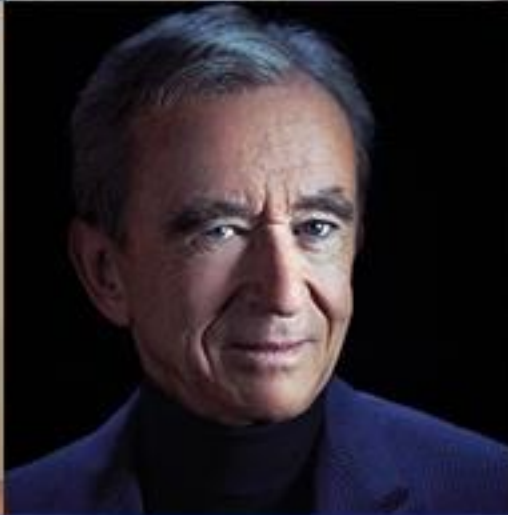
Jeff Bezos

Bill Gates

Mark Zuckerberg

Jack Ma

Larry Ellison



Elon Musk

Larry Page

Warren Buffett

Bernard Arnault

Carlos Slim Helu

Minimum viable product (MVP)

Lean startup

Growth hacking

Fail fast, fail often

Disrupt the industry

Pivoting

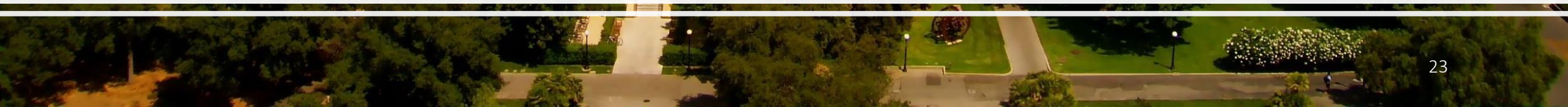
Scaling

Unicorn

Dominates how we talk, think, and act in relation to entrepreneurship



Trying to copy Silicon Valley



Is that a good idea?

The Silicon Valley Syndrome

Doris Kwon¹  and Olav Sorenson² 

Entrepreneurship Theory and
Practice

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Abstract

How does expansion in the high-tech sector influence the broader economy of a region? We demonstrate that an infusion of venture capital in a region leads to: (i) declines in the number of establishments and in employment in non–high-tech industries in the tradable sector; (ii) increases in entry and in employment in the non-tradable sector; and (iii) a rise in income inequality in the non-tradable sector. Expansion in the high-tech sector therefore leads to a less diverse tradable sector and to increasing inequality in the region.

Have we oversold the Silicon Valley model of entrepreneurship?

David B. Audretsch

Abstract The Silicon Valley model of entrepreneurship has captured the imagination of the public, the attention of the public policy community throughout the world who want to emulate it, and the focus of scholars seeking to understand it. Entrepreneurship has enabled the Silicon Valley region to harness the opportunities afforded by globalization rather than succumbing as a victim. The purpose of this paper is to suggest that there are limits to the Silicon Valley model of entrepreneurship in addressing the most compelling contemporary economic and social problems and that a broader, more inclusive understanding of and approach to entrepreneurship might be more useful.

3 problems with the current model and possible solutions

1. Are these ecosystems robust?

I have visited many entrepreneurial ecosystems worldwide

Most striking observation?



ook
for UK for startup...



◆ SpellBrand
The Ultimate Startup Incubato...



📍 Startup Oasis
Business Incubator - Startup Oasis



📍 Space Architects
Northumbria University Business ...



📍 Nvision
What Is A Business Incubator?



screenshot

...



📍 COWRKS
Business incubators: Now, take your ...



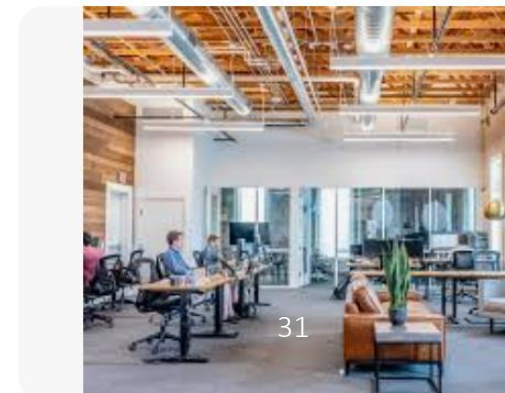
📍 COWRKS
Business incubators: Now, take y...



📍 LinkedIn
Business Incubators and Accelerators

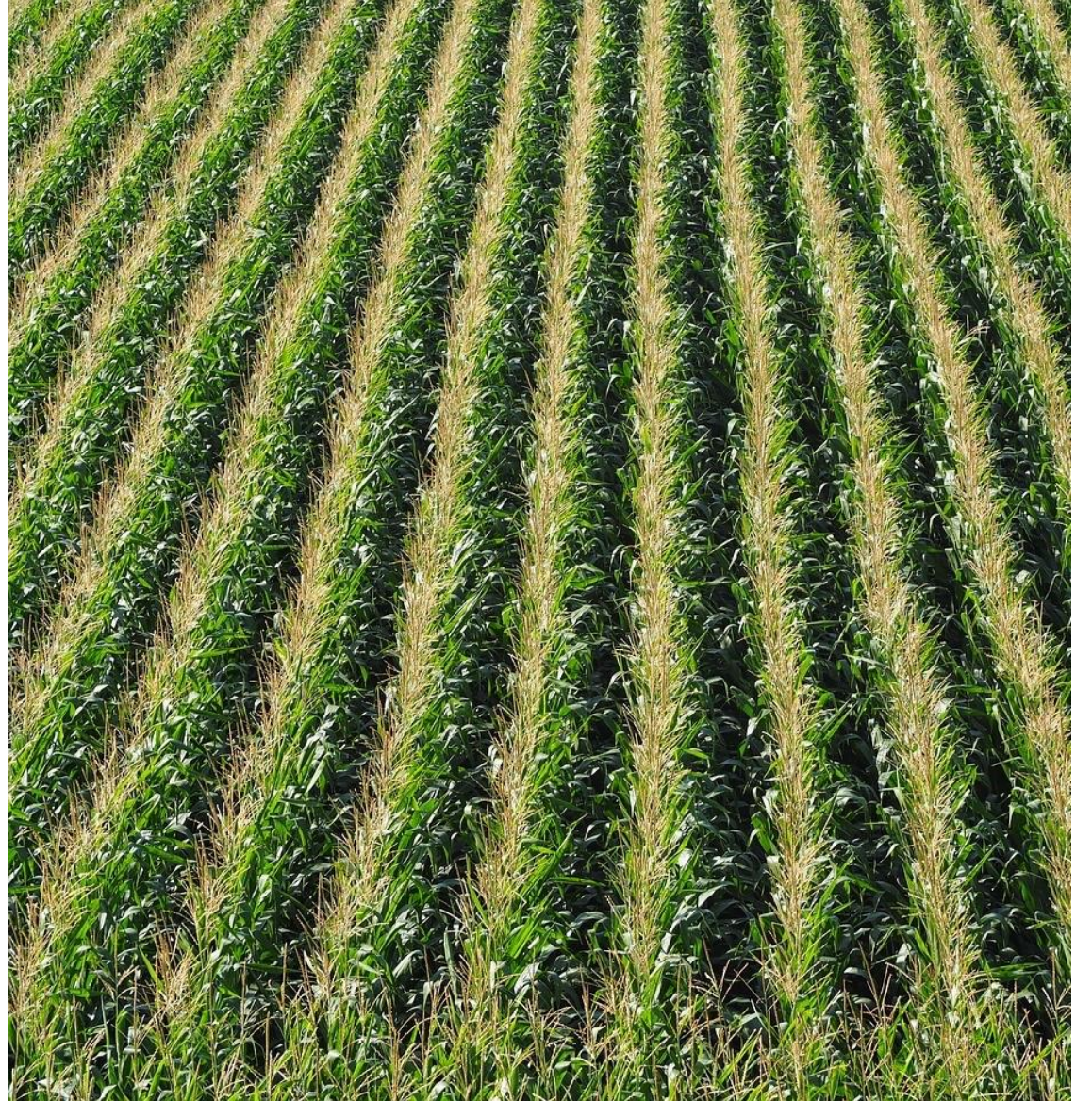


📍 mikemajorsdds.com
pacate incubator cor





McDonaldization of Entrepreneurial Ecosystems



Robust ecosystems



Adapted to local external factors (climate, soil)



Internal variation (many different species)



Evolves randomly



Redundancies (removal of one species OK)



Can withstand disturbances



Unique



The opposite of monoculture

We see the opposite → entrepreneurial ecosystems

Entrepreneurial monocultures



Not adapted to local conditions



They all look to attract the same ideas and people



No internal variation



Not unique but like all other entrepreneurial ecosystems



Uniqueness and novelty the premise of entrepreneurship



Not robust if the environment changes



Example - readiness for military technology? (CASSINI?)

VOICES OF THE GOVERNING INSTITUTE

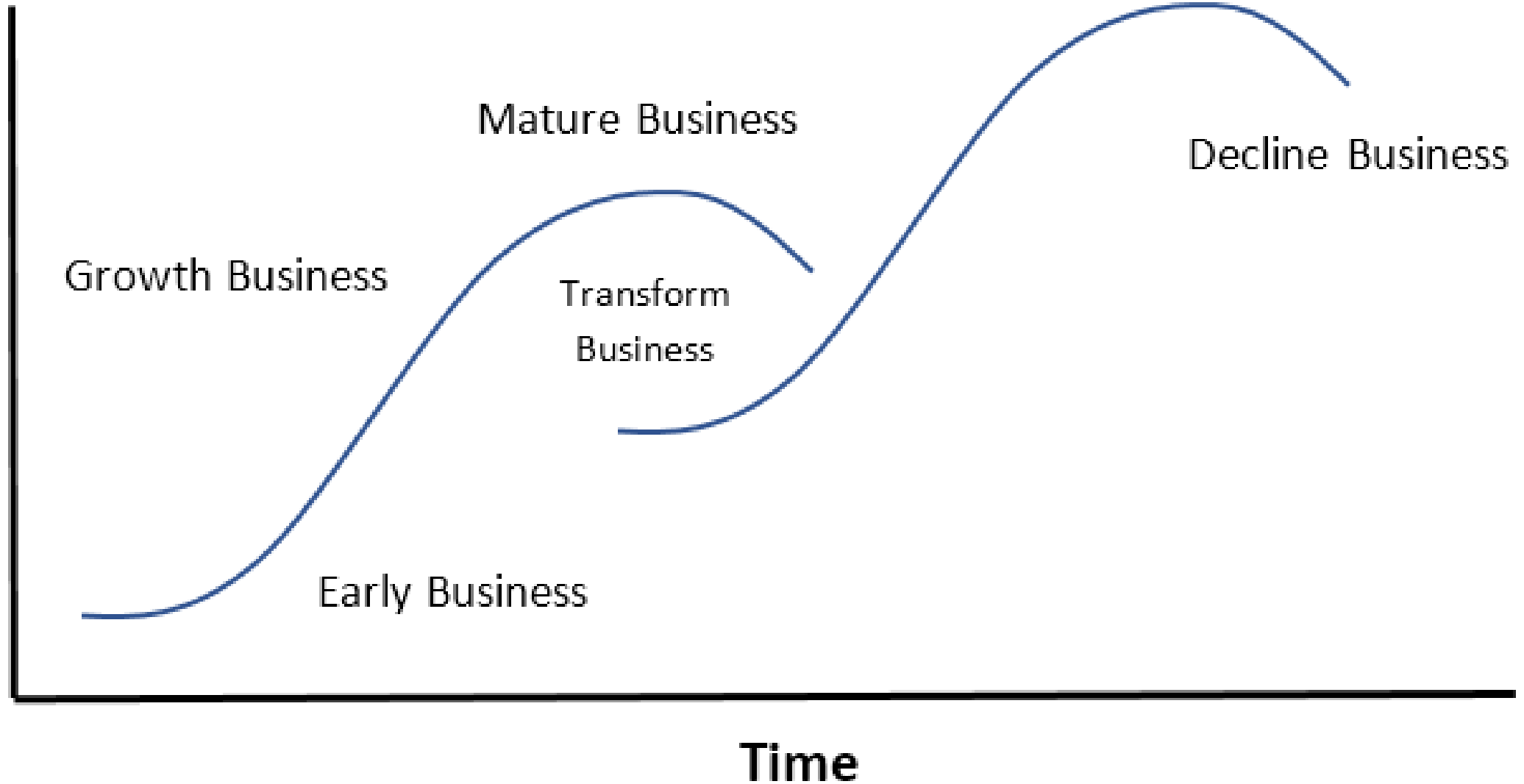
All Economic Development Can't Be About Promoting Tech Startups

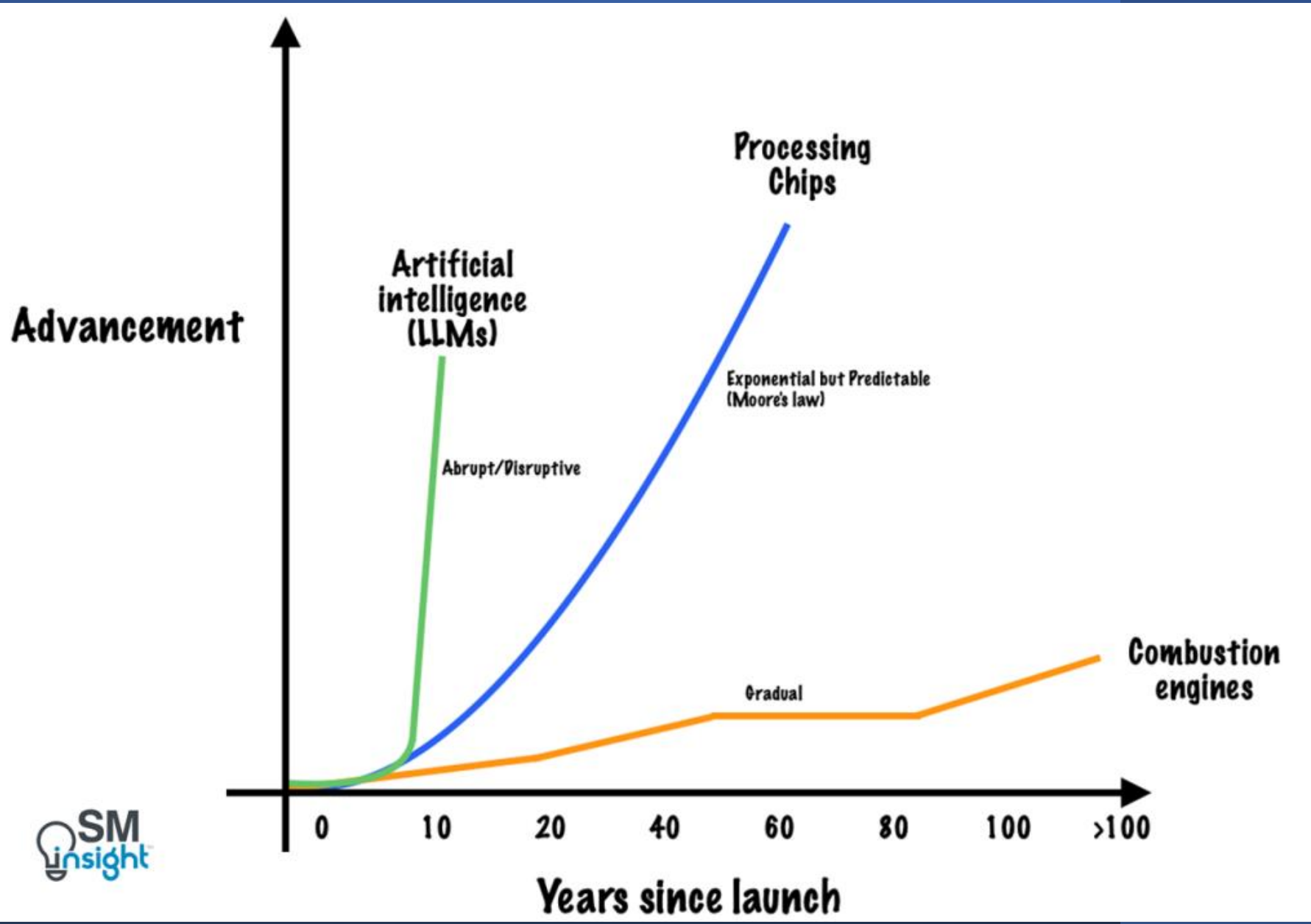
In their efforts to cultivate entrepreneurship, local policymakers need to be leery of copycat solutions.

October 28, 2015 • **Dane Stangler**

AI example

S-Curves





October 2, 2024 “*OpenAI raises \$6.6 Billion in largest VC round ever*”

Top 182 AI Accelerators and Incubators in 2024

Updated: February 11, 2024 | [Accelerators & Incubators](#)

If you are looking to start a AI business, it is never a bad idea to join an accelerator or incubator.

These organizations are designed to help startup businesses by providing them with office space, advice and access to potential partners, investors, and customers.

In this article, we have collected the 182 most popular accelerators and incubators that invest in AI startups.

What are the prospects for AI entrepreneurship policies launched TODAY?

Better to do something different?

The Silicon Valley model trickles down to other types of regions

HELSINGBORG /INNOVATION DISTRICT

Where businesses,
academia and the public
sector collaborate to find
innovative solutions for
sustainable growth

Lack many fundamental elements, yet pursuing similar programs...

I question the robustness of the Silicon Valley model applied in Europe

2. Do we target the right people and ideas?

Target a



Is it effective?



Most attractive group in the labor market



We lure them into starting businesses using tax money



Opportunity cost for the individual?



Opportunity cost for society?



Productivity at large tech (like Google) vs. own startup?



How about funding for more vulnerable groups?



Are they better off starting businesses WITHOUT support?

**ORGANIZATIONAL SPONSORSHIP AND FOUNDING
ENVIRONMENTS: A CONTINGENCY VIEW ON THE SURVIVAL
OF BUSINESS-INCUBATED FIRMS, 1994–2007**

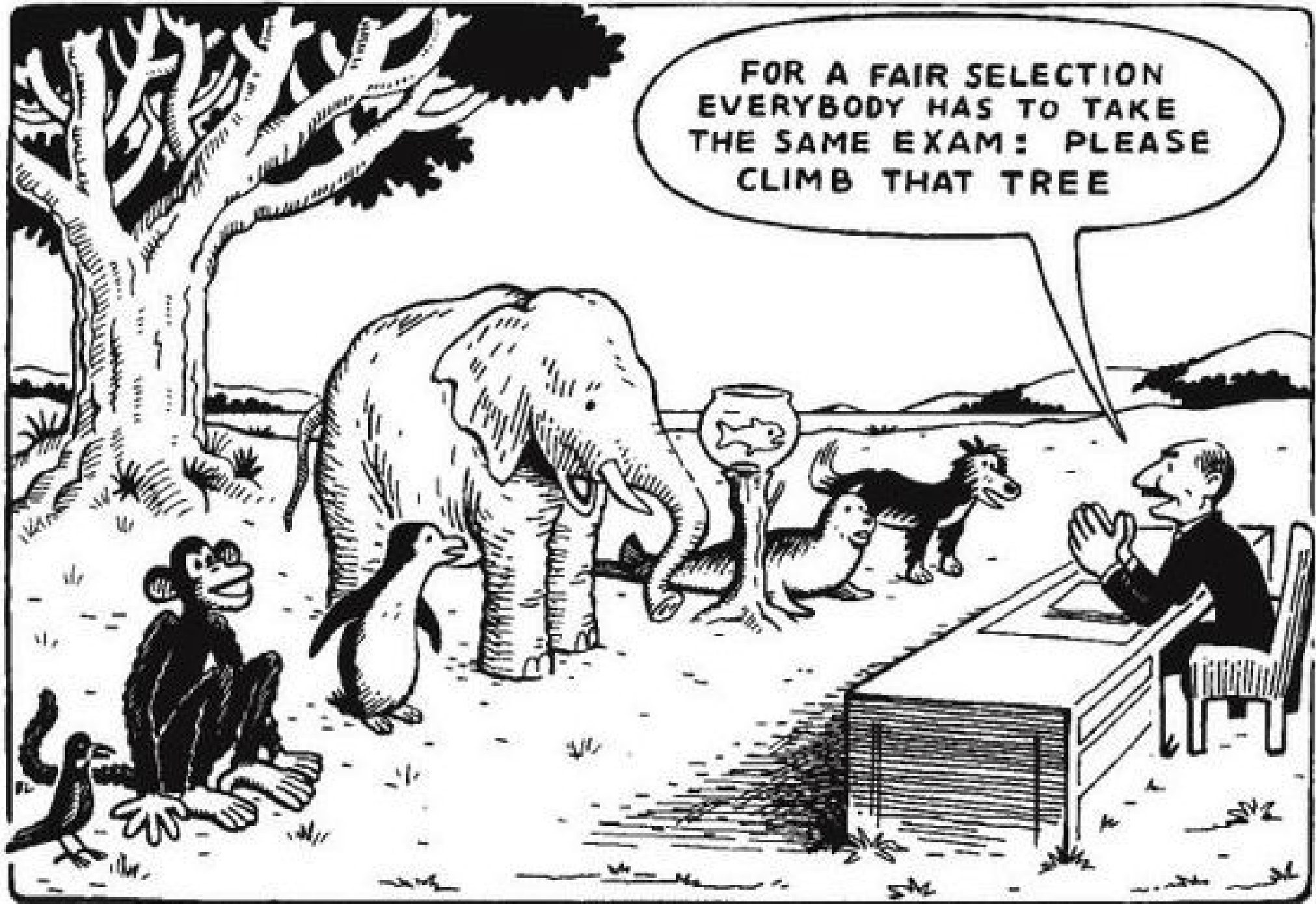
ALEJANDRO S. AMEZCUA
Syracuse University

MATTHEW G. GRIMES
University of Alberta

STEVEN W. BRADLEY
Baylor University

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Syracuse University and Stockholm School of Economics

Organizational sponsorship mediates the relationship between new organizations and their environments by creating a resource-munificent context intended to increase survival rates among those new organizations. Existing theories are prone to treat such resource munificence as the inverse of resource dependence, indicating that the application of new resources in an entrepreneurial context should always benefit new firms. These existing theories, however, often overlook heterogeneity in both types of applied resources as well as founding environmental conditions. By attending to these nuances, we reveal that resource munificence is not necessarily predictive of organizational survival. We find that resource munificence related to sponsorship can potentially decrease or increase survival rates among new organizations and that these effects are contingent on fit of resource type with its respective geographic-based founding density. These findings confirm the need for a more-nuanced theory of sponsorship that attends to the mechanisms and conditions by which resource munificence is likely to alter new organization survival rates.



S

tech

Homogeneous population → similar process → unique output?

Or does it all look and sound the same?

The effectiveness of university knowledge spillovers: Performance differences between university spinoffs and corporate spinoffs

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ABSTRACT

While much prior research has focused upon how the Technology Transfer Offices (TTOs) and other contextual characteristics shape the level of university spinoffs (USO), there is little research on entrepreneurial potential among individual academics, and to the best of our knowledge, no comparative studies with other types of spinoffs exist to date. In this paper we focus on an important but neglected aspect of knowledge transfer from academic research involving the indirect flow to entrepreneurship by individuals with a university education background who become involved in new venture creation by means of corporate spinoffs (CSO) after gaining industrial experience, rather than leaving university employment to found a new venture as an academic spinoff. We argue that the commercial knowledge gained by industry experience is potentially more valuable for entrepreneurial performance compared to the academic knowledge gained by additional research experience at a university. This leads us to posit that the average performance of CSOs will be higher than comparable USOs, but the gains from founder's prior experiences will be relatively higher among USOs whose founders lack the corporate context. We

3. Who gets access and who does not?

What percentage of venture backed founders are female?
(Crunchbase, 2021)



Are Business Incubators' Ecosystems Inclusive of Women Entrepreneurs?

Alejandro S. Amezcua, Sheela Pandey, Nastaran Simarasl

"We find low levels of gender inclusive practices among the most impactful business incubators"

SIZING UP ENTREPRENEURIAL POTENTIAL: GENDER DIFFERENCES IN COMMUNICATION AND INVESTOR PERCEPTIONS OF LONG-TERM GROWTH AND SCALABILITY

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PRIYANKA JOSHI
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University of Southern California

ANDY WU
Harvard University

Female entrepreneurs have been found to face disadvantages when compared with male entrepreneurs, especially in acquiring the financial resources needed to sustain and grow their ventures. Across three studies, we examine how disparities in funding outcomes may be due to differences in how entrepreneurs communicate their ventures, whereby female entrepreneurs have a tendency to use more concrete language when describing their ventures than their male counterparts. We find that the use of abstract speech affects investors' perceptions of which ventures are oriented toward long-term growth and scalability, which in turn affects the likelihood that a venture will receive investment. We conclude with a discussion of the important role of communication style as a key mediating mechanism in influencing investor cognition.

Expanding university entrepreneurial ecosystems to under-represented communities

Emma O'Brien and Thomas M. Cooney

College of Business, Technological University Dublin, Dublin, Ireland, and

Per Blenker

Department of Management, Aarhus University, Aarhus, Denmark

Who feels welcomed and why?



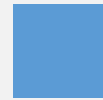
Architecture, design and features are not gender neutral



Many with other ethnic, educational, and economic backgrounds don't feel welcome



Language, tools, programs not developed with diversity in mind



Radical candor, pitching, lean startup, scaling



Consider UN's sustainable development goals (gender, equality) in entrepreneurship policy



Consider EU's diversity and inclusion aspirations in entrepreneurship policy

4. Suggestions

Some suggestions



Silicon Valley was built organically → structures appeared to support what developed



Shockley moved to Palo Alto from New Jersey to take care of his sick mother



We try to impose established structures from above



Instead build Entrepreneurial Ecosystems bottom up



Utilize diversity of European cities to build diverse, robust ecosystems



There are many attempts...



Created FOR people not BY people representing diversity

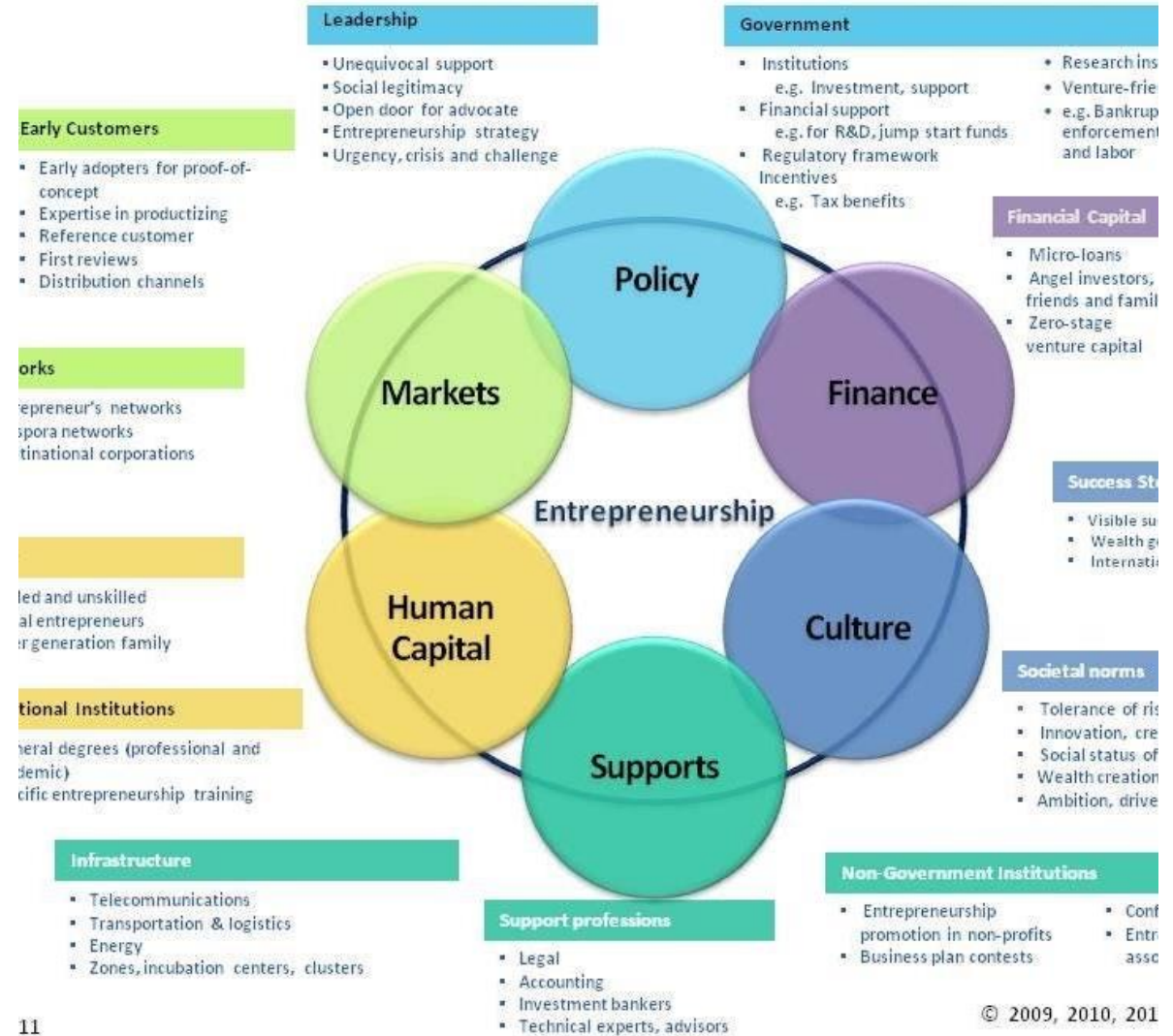


Do they have the same standing and resources?

DIFFICULT

A whole industry benefits from and reproduces existing ecosystems

Domains of the Entrepreneurship Ecosystem



Some suggestions



Innovation is surprising, chaotic, serendipitous, uncontrollable



Works best when different kinds of people meet and can access slack resources



Need more experimentation, less management



Try many different models, accept that many (most?) will fail



Create meeting places attractive to MORE KINDS of people



Architecture and design matter!



Build bottom up



Use language, tools and methods anchored in the local culture

Summing up



Entrepreneurship ecosystems are too similar along multiple dimensions



Ideas from the outside (Silicon Valley) are imposed



Effective? Robust?



Tend to focus on people with many job opportunities, exclusion of more vulnerable groups



Innovation stems from chaos and diversity



Build ecosystems bottom up, adapted to local uniqueness



Use locally adapted language, tools, and systems



Evaluate



Entrepreneurship policy must be more entrepreneurial!