The Making of Start-Up Ecosystems

Strategies to nurture thriving hubs for new ventures.

In the wild, ecosystems are complex webs of organisms, weather and landscapes interacting in delicate equilibrium to create a hubbub of life. No two ecosystems are alike. So it is, too, with the microcosms that form around start-ups. Those that thrive – think Silicon Valley and Israel – are invariably hothouses of mutually supporting entrepreneurs, investors, regulators and researchers.

Are start-up ecosystems born or can they be made? Both, says Chiara Spina, INSEAD Assistant Professor of Entrepreneurship, who has extensive experience working with and studying start-ups in Italy, the United Kingdom, India and Pakistan.

In the latest INSEAD Knowledge podcast, Spina explains that flourishing ecosystems are often nurtured by unique local conditions and historical backgrounds. The rise of Silicon Valley, for instance, has its roots in the region’s industrial past. Research universities, venture capital and supportive regulations further nourished the nascent start-up hub.
Israel’s emergence as a “start-up nation”, in contrast, owes more to
government support, as well as substantial investment in research and
development. But the country’s mandatory military training, which indirectly
imparts soft skills like teamwork, and its inherent global outlook also play a
part.

Future start-up hubs could well spring up in emerging economies such as the
Czech Republic, Jordan and Pakistan. Spina evaluates their relative
advantages and weaknesses, drawing from her experiences working on the
ground with entrepreneurs and policymakers in these countries.

For governments building start-up ecosystems, Spina cautions against the
“Silicon Everywhere” mindset. There are different paths to success through
innovative approaches that have reaped distinct benefits for all parties
involved. Spina recommends specific strategies for governments to find
innovative ways to succeed in the start-up race, playing to the unique
strengths and challenges of their region rather than replicating models from
elsewhere.

Find article at
https://knowledge.insead.edu/entrepreneurship/making-start-ecosystems

About the author(s)
INSEAD Knowledge is the expert opinion and management insights portal of INSEAD, The Business
School for the World.

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Her research focuses on understanding how entrepreneurial firms leverage systematic decision-
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