



# Entrepreneurship Policy and Practice Insights

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## Balancing politics and governance in entrepreneurial ecosystems

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### Executive summary

We often take entrepreneurial ecosystems—i.e., constellations of businesses, government organisations, and research and support institutions—for granted. However, the forces and tensions at work among these organisations point at high levels of political dynamism that call for governing structures and processes. This is particularly evident in new entrepreneurial ecosystems located in both developing and developed economies. As the rules of the game are not settled, any agreements between the stakeholders in a new ecosystem need to be negotiated. Such power struggles for stability and change require a policy approach in which politics and governance can support each other. This policy paper builds on the author's involvement in the development of a new creative entrepreneurship ecosystem in Central Asia with support from the British Council and the University of Birmingham, and based on recent research paper published in the Entrepreneurship and Regional Development journal. The lessons learned can be valuable for the coordination of politics and governance in new, fast-changing entrepreneurial ecosystems in the UK and beyond.

### The importance of politics and governance for entrepreneurship policy



The term 'politics' refers to the activities and debates associated with governance. In turn, these relate to decisions made in regard to the implementation of policies. In the context of entrepreneurship, politics should remove any structural barriers that prevent the manifestation of entrepreneurial orientation, intention, cognition, and action (McMullen, Brownell, & Adams, 2021). In terms of governance, entrepreneurial ecosystems are defined by the struggle for power, control over resources, and legislation (Belitski, Grigore, & Bratu, 2021). In such networks of interconnected players (Spigel, 2017), institutional discourse is the mechanism that enables the materialisation of the expression of ideas and interests into policy practice (Kromidha & Córdoba-Pachón, 2017; Schmidt, 2008). In this process, the interplay between politics and governance—which can contribute establishing an atmosphere favourable to entrepreneurship (Spigel & Harrison, 2018)—can also impose restrictions on entrepreneurial policy (Stam, 2015). In developed countries—and, particularly in new market economies, in which entrepreneurial ecosystems are at their early stages—the conflict between maintaining old institutional structures for stability, or moving on to new ones in an institutional void is evident (Holmes Jr, Zahra, Hoskisson, DeGhetto, & Sutton, 2016). This is the context of the new creative entrepreneurship ecosystems in Kazakhstan presented in this policy paper.

## Background

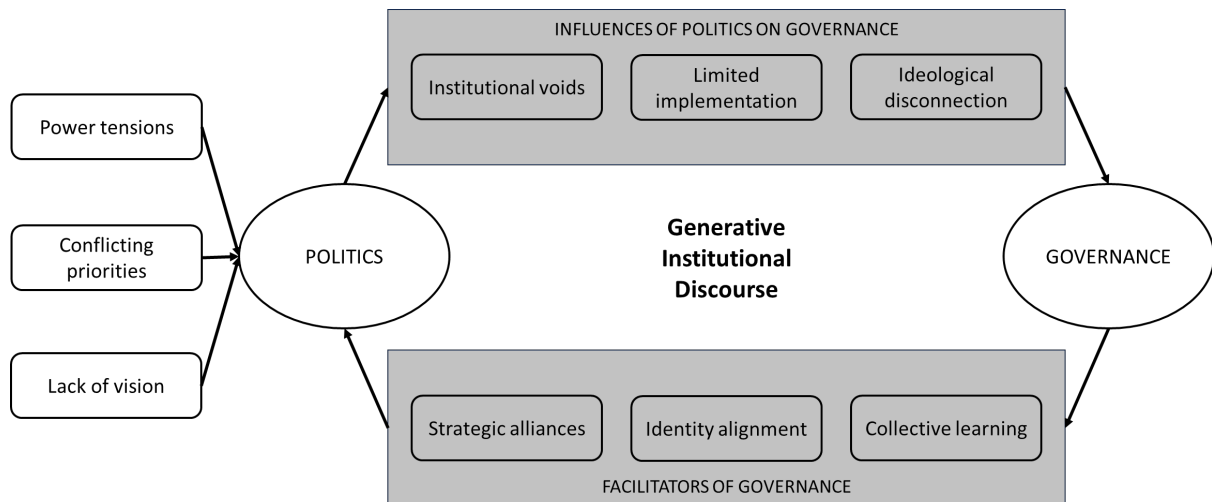
The context of the study was Kazakhstan, a former Soviet republic located in Central Asia. The country's population is relatively small, at about 20 million people, but its territory is only slightly smaller than that of Europe. With its diverse cultural heritage, Kazakhstan is representative of many Central Asian countries, being home to not only Kazakhs, but also Russians, Tatars, Uzbeks, Azerbaijanis, Germans, Ukrainians, Poles, and other minorities (Kromidha, Altinay, & Arici, 2024). This level of multiculturalism and diversity also breeds different political and development views that, with the advent of the market economy, have had an opportunity to develop free from the former communist state control. With a growing economy and population, the country continues to go through structural economic and social changes, intending to diversify from extractive industries into entrepreneurial opportunities.

Creative entrepreneurship in particular appeals to young people looking for opportunities in the digital age, but also to the government, businesses and universities involved in the new entrepreneurial ecosystem centred on them. Yet, while the potential of creative industries to support entrepreneurship is well-recognised (Zhuparova, Kaliyeva, & Isatayeva, 2020), institutional voids and a lack of a clear vision and coordinated engagement remain some of the problems at the intersection of politics and governance (Kromidha et al., 2024). Understanding institutional discourses for policy-making is therefore important to address power struggles in order to formulate a coherent entrepreneurial ecosystem development policy.

## Discussion of key findings

The study started with the identification of the causes of politics in an entrepreneurial ecosystem. These can be summarised as power tensions, conflicting priorities, and lack of vision. The power tensions found in Kazakhstan's creative entrepreneurial ecosystem originate from different

approaches to change taken by the government, which wants to control the processes, and by the new entrepreneurs, who are eager to have more freedom to explore and do new things. Such conflicting priorities lead to stakeholders holding antagonising views, especially in the absence of a vision shared by all.



**Figure 1: A generative institutional discourse framework of politics and governance**  
(Adapted from Kromidha et al, (2024))

Politics strongly influence the governance of an entrepreneurial ecosystem because of institutional voids, limited implementation, and ideological disconnection. Institutional voids lead to a lack of clarity in relation to how things should work in a new entrepreneurial ecosystem. While all actors should be involved in the design of new institutions, power struggles lead to the limited implementation of any changes beyond discourse. Governance needs to take into consideration the ideological disconnection that exists between ecosystem stakeholders, in particular between the state structures—which are slowly transitioning into a market economy—and young entrepreneurs inspired by the opportunities found in the open global economy.

Strategic alliances, identity alignment, and collective learning are important in facilitating policy-making and governance. Strategic alliances are the first step that needs to be taken in order to enable the voices of stakeholders to be heard in the policy discourses about a new entrepreneurial ecosystem. At the same time, in a multicultural country like Kazakhstan, national identity serves as a strong catalyst for a clear vision—based on creative entrepreneurial opportunities—capable of making its ecosystem unique in the global landscape. For example, the typical Kazakh national ornaments originating from the country’s nomad culture and heritage have made it into successful fashion brands created by people like Assel Nussipkozhanova, with ASSEL, or Arua Suyendykova with L’Aroush Jewelry. Recognising such opportunities and sacrificing some of the individual interests for a common goal can be achieved through collective experiential learning, engagement, and generative discourse.

## Conclusions



In our study on the politics and governance of entrepreneurial ecosystems, we identified generative institutional discourse as a powerful mechanism whereby ideas and interests can be aligned through stakeholder engagement and commitment between individual opportunism and collective learning. A successful ecosystem requires a suitable degree of discursive and physical local and national centrality. For this, a Knowledge Impact Framework was proposed and discussed with stakeholders as a model suited to guide university-industry-government collaborations. This could then lead to the development of knowledge impact hubs—as manifestations of such collaborations—that can specialise in addressing specific social, economic or environmental problems based on innovation and entrepreneurial opportunities. At the Kazakh regional level, cities like Almaty, for example, could become hubs for creative entrepreneurship, while other regions could specialise in other sectors, thus serving as centres of expertise not only in the context of economic development, but also by informing targeted policies with a clear vision. Institutional stability among local, international, or digital actors is built on trust from the collective commitment, engagement and learning of all stakeholders to build and benefit from the necessary institutional and physical entrepreneurial ecosystem environment.

### Policy and practice recommendations

Regardless of the many challenges linked to building a creative entrepreneurial ecosystem in Kazakhstan, much progress has been made. In this context, research insights (Kromidha et al., 2024) identify some of the key triggers that could inform policy-making:

- **Generative institutional discourse.** This is a necessary mechanism that helps to turn any tensions between politics and governance into policies and collective action. For research and practice, this concept has potential implications in elucidating the potential pivotal position of stakeholders in the generation, configuration, and dissemination of ideas for the evolution of an entrepreneurial ecosystem.
- **Clear vision.** Our findings suggest that a successful ecosystem requires a good degree of centrality. This starts with a clear vision shared among stakeholders, and a framework they can use to assess, measure, and compare the impact of their collective efforts. That requires not only a sense of institutional stability among local, international, or digital actors, but also an alignment of interests.
- **Prioritisation for development.** In order to foster self-sustaining growth and innovation within an ecosystem, it is imperative to prioritize education, mentoring, knowledge support, and trust among all stakeholders. This approach ensures that the ecosystem can advance and flourish independently, without relying solely on the current government or future investors for exclusive support.
- **Institutional formalism.** Formalising the status of creative entrepreneurs and acknowledging their activities without any added administrative and tax burden should prepare the ground for additional financial support and investments that are much needed by the industry.



- **Structural facilitation.** An entrepreneurial ecosystem should be clearly understood as a space in which actors, interests, and ideas connect. This does not exclude the acknowledgement of hierarchies, roles, and power, as long as they serve the ecosystem as a separate identity, and not individual interests.
- **Development of entrepreneurial capabilities.** Policy and practice primarily need to pay attention to nurture, support people—with their skills, competencies and talent—and prevent brain drain. For example, it is important to address the financial literacy level among entrepreneurs.

While many policy initiatives often start with by supporting entrepreneurial learning and capabilities, they are often short-lived and fail in the absence of a supporting institutional, social and economic environment. Entrepreneurial policy needs to adopt a holistic view suited to support new entrepreneurial ecosystems the development of which requires a coordinated vision and commitment that does not hinder the freedom of entrepreneurs to innovate and grow.



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