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Towards a More Sustainable Digital Entrepreneurial Ecosystem

A Multilevel Perspective Study of Saudi Arabia

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Abstract

The concept of the sustainable digital entrepreneurial ecosystem (SDEE) has emerged from the intersection of two previously recognised concepts: the digital entrepreneurial ecosystem and digital economic sustainability. The SDEE is the integration of social, political, economic and cultural factors within a region, aiming to foster economic growth by minimising the negative impact and maximising the positive impact of digital firms. While the SDEE has gained attention in business and technology research, existing studies have primarily focussed on understanding its organisation at the regional level. Limited research has explored digital economic sustainability within the SDEE, considering both firm and regional levels. This paper investigates the SDEE from a multilevel perspective by employing an embedded single-case study design. The main unit is Saudi Arabia as a whole, and the subunits are entrepreneurs at the firm level and entrepreneurship experts who represent policymakers' perspectives at the regional level. *This paper intends to show how the subunits' (entrepreneurs and experts) perspectives on the main unit (Saudi Arabia) can improve our understanding of the key characteristics of SDEEs.* The preliminary analysis reveals five key characteristics that highlight a paradox between the firm and regional levels, as summarised in Table 1.

SDEE key characteristics	Importance for entrepreneurs at the firm level	Key challenges for policymakers at the regional level
Digital infrastructure	<ul style="list-style-type: none"> To facilitate collaboration and innovation among entrepreneurs in the same field. To enable start-ups to collect and analyse substantial amounts of data that can help them make informed decisions. 	<ul style="list-style-type: none"> Data privacy and security. Digital divide by limiting access to digital facilities.
Digital talents	<ul style="list-style-type: none"> To create innovative products and services and effectively market and sell them to stay ahead of the competition. To help entrepreneurs adopt emerging technologies. 	<ul style="list-style-type: none"> Lack of diversity in the digital industry. Fast pace of technological change.
Cybersecurity	<ul style="list-style-type: none"> To help entrepreneurs protect their businesses from cyber threats. 	<ul style="list-style-type: none"> Constantly evolving nature of cyber threats. Lack of awareness and resources for cybersecurity.
Scalability	<ul style="list-style-type: none"> To have access to the global market. To have access to skilled labour from diverse backgrounds. 	<ul style="list-style-type: none"> High failure rate of digital start-ups. Digital divide due to limiting access to global markets and skilled labour.
Digital funding	<ul style="list-style-type: none"> To provide entrepreneurs with more options to access capital to launch and expand their businesses. To facilitate cross-border transactions, increase transparency and reduce transaction costs. 	<ul style="list-style-type: none"> Possibility of fraudulent activities. Potential for a digital funding bubble.

Table 1. The main characteristics of SDEEs from a multilevel perspective

The preliminary findings underscore the importance of addressing the challenges faced by regional policymakers and involving entrepreneurs at the firm level in resource allocation within an SDEE. SDEEs encourage entrepreneurs to adapt their strategies and business models to effectively create and capture value within their ecosystem. This paper contributes to theory by advocating for the inclusion of multilevel perspectives in studying the digital sustainability of entrepreneurial ecosystems. Moreover, it expands the limited empirical research on SDEEs in Gulf Cooperation Council (GCC) countries, with a particular focus on Saudi Arabia.