Chapter 5

Entrepreneurial and Institutional Analysis of Biodiesel Companies in Mexico

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ABSTRACT

The objective of the chapter is to analyze the role of the institutions in the biodiesel industry, in order to know if there is a relationship with the quality and maturity of the same with the ventures. Starting from a literary review, the framework of the current situation is identified, covering aspects related to formal institutions, laws, rules, regulatory bodies, and the theory that supports the relationship between institutions and entrepreneurship. The chapter concludes that the institutions in Mexico have increased their maturity and incentive to increase the number of producers and distributors of biodiesel, thus taking advantage of the growing market.

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INTRODUCTION

The current situation of a shortage of natural resources requires the innovations and ventures in production sectors that help to reverse the situation, so the research seeks the stability of markets that achieve competitiveness and preservation of the environment.

The biodiesel market is in constant growth. By 2023 consumption is expected to reach more than 40 million liters around the world. According to OECD (2017) information, the United States, as well as European countries and some countries of South America such as Argentina, Brazil, Colombia and Chile stand out to have quickly added in this new project of an economy with a better vision of the preservation of the environment. This new change in the consumption trends of the people, generates new markets that can be exploited by developed country economies as emerging countries that have the necessary resources for the production and supply of biodiesel.

Entrepreneurship is given by several factors, some of which may be the best scenarios, such as unique opportunities, innovations that meet specific needs that were not counted in the past. These types of entrepreneurship are what the countries need because they get the most number of benefits, job creation, sustainable economic growth. The boom in the demand for biodiesel at the global level could be one of those opportunities that must be taken advantage of. However, the opportunity to recognize a growing market alone does not ensure success because the planning and knowledge of the terrain in which entrepreneurs seek to enter, are flaws that could be had. Being a relatively new market few are those who have all the necessary information to say know or be experts in the competitive bioenergy market.

For this reason, formal institutions such as laws or bodies that govern the conduct of industry can be a tool that helps entrepreneurs to have a delimited vision of the actions that are possible to carry out, which can be observed as a knowledge which is transferred from the institutions to the entrepreneurs that helps them to generate success. In addition to the existence of formal institutions with sufficient quality and maturity as can be easy to apply legal frameworks and regulatory bodies with good planning and implementation of actions, such as aid in reducing taxes. This may provide financial support and development on the part of the researchers in a specific line of research, which serves to give rise to a greater degree of entrepreneurship in a specific sector that has all the incentives.
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