

# ORGANIZATIONS AND REGIONALIZATION IN TIMES OF INSTITUTIONAL CHANGE: EVOLUTIONARY PROCESS OR BREAKUP?

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**ABSTRACT:** This article aims to recognize some of the organizations that influence the process of regionalization in the context of institutional transformation. We were inspired by the *Refoundation* driven by Enrique Alfaro Ramírez, the governor of Jalisco, as a process of change with a regional impact. Therefore, this text is divided in four sections. First, it details the concept of organization in the context of a regionalization process going through a scenario of institutional change; secondly, it describes the organizations involved in this particular process, beginning with the public sector; thirdly, it analyzes the firms (the private sector); and lastly, it notes the articulations that are established with the community.

## INTRODUCTION

If we understand regionalization as a process of gradual and irreversible institutional change, organizations would then be one of its key elements. We consider institutions as an ensemble of regulations and codes of conduct created by a certain society, while we understand organizations as forms of cooperation and coordination taken upon by people for reducing uncertainty, achieving common goals and maximizing their benefits based on the opportunities given by a certain institutional matrix. From this perspective, organizations are understood as a structure supported by cooperation and coordination agreements for human interactions. The aforementioned, for example, includes political, economical, social, educational and cultural agreements. Therefore, organizations are groups of people related by some common goal that they

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intend to achieve through cooperation. Through the combination of a formal analysis, but solidly supported by empirical evidence of the dynamics of organizations, it is quite feasible to analyze the structures that govern them, their learning capabilities and their evolutionary processes which, ultimately, feedback each other with the institutional matrix in which they are inserted.

Therefore, the goal of the present contribution is to recognize the main organizations that influence a regionalization process, as well as the type of connections that are established with the strategies derived from public policies of regional character within a context of institutional transformation which, in the case of Jalisco, has been categorized by its current governor, Enrique Alfaro Ramírez, as a *Refoundation*. To achieve this, we have divided this text in four parts. First, we detail the concept of organization in the context of a regionalization process going through a scenario of institutional change; second, we describe some of the organizations involved in this particular process, beginning with the public sector, which originates a collection of public policies that look for articulations and cooperations with society as a whole so that these organizations can achieve the goals that were established in the first place; then, we analyze the firms (the private sector) that, at certain moments, become key actors within the processes of institutional changes with regional character; and lastly, we point out the articulations that are established with the community which, at the limit, becomes a key actor that cristalyzes a series of social conflicts or, alternatively, works as an element of social cohesion that will strengthen the process of institutional change. The text then concludes with some final considerations.

## 1. REGIONAL ORGANIZATIONS WITHIN CONTEXTS OF INSTITUTIONAL TRANSFORMATION

We understand regionalization as an abstract division of space based on the inherent dynamics of territories. If this division is accompanied by some change or the creation of a new legal framework (such as laws or decrees, for example), it is feasible to understand said initiative as a process of formal institutional change. An empirical evidence of the aforementioned can be found in the state of Jalisco. Since governor Enrique Alfaro Ramírez took power on December 6, 2018, he has suggested a *Refoundation* of the state as a guiding project of his administration in several occasions<sup>1</sup>. For this purpose, there are

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1 One of the most emblematic statements among the many in this regard was found in Alfaro Ramírez Enrique, 2019, “Master Talk ‘The Refoundation of Jalisco’”, 5° *Winter Colloquium of the Network of Public Policies of the University of Guadalajara*, <https://enriquealfaro.mx/blog/la-refundacion-de-jalisco-conferencia-magistral> (thanks to René Valencia and Carlos González Martínez for recommending the present reference).

talks of a Constitutional Congress that, on a given moment and in a mandatory fashion, would impact the regionalization policy of this entity that, by the way, has a very solid background. In spite of this, at the moment of this writing, it is not yet clear in this strategy what would be the refoundational regionalization policy. The furthest they have moved in this direction is recruiting a series of initiatives named *Strategic Projects: Master Plans for Regional Development in Jalisco* without a convincing relation with the diverse territorial dynamics of each of these plans with their respective hinterland. These initiatives even repeat one of the most rooted vices of the last decades in Jalisco's regional policies: adding municipalities for subsequently denominating them as "regions", without the respective justification that articulates the diverse spaces over which they span. What, then, does all of the aforementioned imply from the perspective of an institutional change?

Since 1997, during the state's administration of Alberto Cárdenas Jiménez, and up until 2018, with the ending of Jorge Aristóteles Sandoval Díaz's term as governor, an explicit policy of regionalization was implemented in Jalisco, by dividing the state into twelve administrative "regions", which in turn was manifested in the *Regional Plans of Development*. One of the key actors of said process of institutional change were supposed to be the organizations that would be part of this public policy in relation to each of the abstract divisions of the space, which, in their formal context, aimed to change the territorial dynamics of the whole state. By the same token, all organizations related to this process were supposed to act in relation to the institutional matrix in which they were inserted.

Based on the proposals of Douglas C. North (1993, p. 93 and 1994, p. 572), in this contribution we understand institutions as the formal and informal limitations created by human beings for giving meaning to their interactions while, at the same time, offering a group of relatively clear signs that work as an incentive or disincentive for economical, political and cultural exchanges, if that is the case; that is to say that institutions are the collection of standards and codes of conduct created by a certain society, which playfully are referred to as "the rules of the game". Whereas we understand organizations as those forms of cooperation and coordination taken on by human beings with the purpose of reducing uncertainty, achieving certain common goals and maximizing their benefits in terms of the opportunities presented by a previously established institutional matrix<sup>2</sup>.

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2 Among the many theoretical currents that allude to institutions, there are many other definitions of the word; an alternative to the one presented here, that includes behavioral elements and is articulated tightly with the notion of organization, can be found in Hodgson (2000) and Hodgson (2007, pp. 67-68). In spite of that, following the arguments and goals we aim to reach in this work, North's definition seemed sufficient.

Among the organizations that are capable of influencing regionalization, for example, we include –in a generic manner and without pretending to be exhaustive– the strategies of political coordination that aim to reach power (through political parties, depending on the case), the initiatives of economic cooperation for profit (where the interventions of entrepreneurial chambers are common), the articulated social actions that aim to increase the quality of life (community help centers), the cultural practices that express particular manifestations (such as musical groups or other artistic associations) or the educational endeavors whose main purpose is to cultivate knowledge (here is where universities stand out). Thus, modeling organizations implies the analysis of their structures of government and of their capabilities, as well as of the practices that they carry out to learn and develop within a certain institutional matrix.

We now ask ourselves, what type of organizations can be created and how do these evolve through time? It is important, then, to consider the functionings of the institutional matrix in which these specific organizations are inserted with the purpose of finding answers. Therefore, institutional change reflects, to a large degree, the way in which societies are transformed through time using a series of mechanisms that are implemented for such purposes –a situation that is essential to understand a historical process of transformation. If this historical process acquires an irreversible character, then we can talk about evolution. However, there could be a momentary rupture with certain aspects of change but without managing to completely achieve its evolutionary essence, so there is the possibility of going back from a rupture to the same starting point but in worse conditions which, in a strictly historical sense, would not be the same point of origin, but more of an institutional relapse instead –an event or possibility which is not frequently dealt with by traditional theories of institutional change (i.e., new institutionalism and evolutionary economics). In this contribution, we are interested in exposing the role that organizations play in the process of regionalization, here understood as an abstract division of space through a particular institutional design that is directly impacted by a territory's inherent dynamics and by a phenomenon of institutional change, even when it is not completely spelled out that way; as has been the case called *Refoundation or Fourth Transformation*, as it has been presented in Mexico, for example.

On the other hand, an inherent element to the studies on development that sometimes is pointed out explicitly and sometimes implicitly has been geography. The aforementioned becomes even more evident when the subject of regional development in general and, particularly, the process of regionali-

zation are tackled on. Likewise, it is quite common to find references to the influence of geography in the patterns of development as something that is unchanging. However, through studies of regional development and its equivalents in economic history, it has been proven that the institutional matrix of a concrete society has the capability of influencing geographic factors in a positive way, with the purpose of driving specific initiatives towards improving the quality of life of people and their respective organizations (Topik, Marichal and Frank, 2017). The interconnections between geography and development do not move in one-way only, but in multiple directions; also, they have the capability of redirecting previously drawn strategies. In no way do we consider geography as an insurmountable determinism or as an ever-unchanging scenario. What is more, experience shows us that it is feasible to achieve an harmonic relation between regionalization policies and geography thanks to the participation of the different organizations that are involved in a concrete space (Luke Gallup, Gaviria and Lora, 2003, pp. 117, 124 and 127). Now, we present different types of organizations that intervene in regionalization processes within contexts of institutional change.

## **2. THE PUBLIC SECTOR**

We understand the public sector as the group of organizations with a fundamentally administrative and jurisdictional character that are directly related to the State. In the Mexican case, three levels of government come from this group of organizations, i.e.: federal, state and municipal. Therefore, a series of organizations derive from the public sector and are essential to delineate the nature of the process of regionalization through time. One of the main functions that come from this organizational framework lies in setting the rules of the game that work as a base for the interaction among different spheres of society. To achieve such ends, the public sector relies on a series of legal instruments that give meaning to its institutional matrix; that is to say that, from a formal point of view, written rules, procedures, regulations, legislations, rule books, codes and laws in general stand out. At the same time, there are informal institutions that intervene such as codes of conduct, practices, non-written rules, verbal agreements and customs, for example. The combination of all of the aforementioned can be a parameter and an incentive for other organizations at the time of making decisions and carrying out concrete actions that, in our case study, have a fundamentally regional impact. By the same token, said organizational structure of public character is a key element for the development of endogenous factors of the regions that, at its limits, seek to

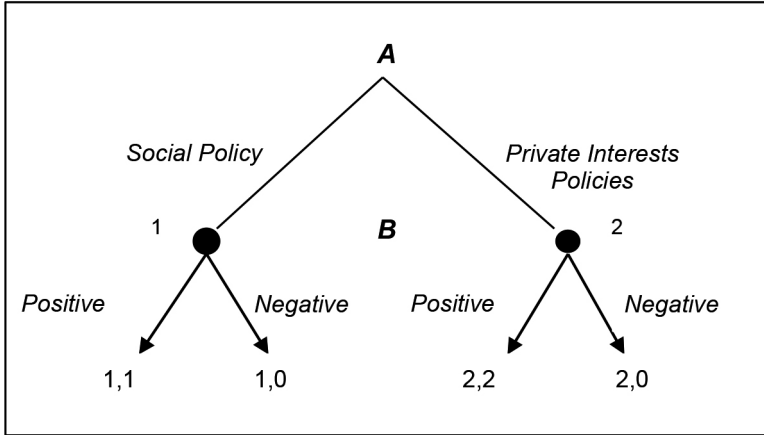
articulate main strategies or a group of regional initiatives that tend to promote the economic performance first, and the regional development second. Also, these are useful to drive a relatively armonious decision-making framework that is held together by common interest goals like sustainability, justice, equality, efficiency, human development or metropolitan coordination, just to mention some examples (Le Heron, 2009, p. 95; Stimson and Stough, 2009, p. 187; Northover, 2005, p. 4).

If the aforementioned is considered from a formal perspective, one could refer those organizations that come from the public sector as government, and all the rest as non-government organizations, from the private sector to the community in general. All of them are key actors in the practice of regional policies. The government's strategy would then reside in knowing how to implement certain specific policies in a concrete space, where the participation of different organizations is also taken into account. For this reason, it is possible to suppose the existence of two types of policies: one of private interests (directly related to the private sector that tends to grant incentives) and another one of social policies (related to what we have called non-government organizations and communities in general). The strategy of this last type of organizations would lie in adopting, respecting, helping to make more efficient and suggesting (positive attitude) or otherwise rejecting (negative attitude) the public policies proposed by the government from different perspectives<sup>3</sup>.

So, according to the government's policies, organizations can choose between a positive and a negative attitude, that is, to add or subtract according to their strategy without considering any other value judgement. Therefore, the dynamic of the information being generated is important for understading how do a government acts in relation to non-government organizations, the private sector and the community in general. In this scheme, we suppose that only two types of public policies exist (see Figure 1). A probable sequence of actions derived from a public policy would be if governments (A) act in the first place, followed by all other organizations (B), which would choose their own strategy after observing the strategies of (A). The probable combinations of the aforementioned would be the following: the social policy and the policy of private interests are accepted (1,1; 2,2); social policy and the policies of private interests are rejected (1,0; 2,0) or one of these is rejected otherwise (1,1; 2,0) and/or (1,0; 2,2).

<sup>3</sup> The usage of terms like positive attitude and negative attitude must not be interpreted from a moral perspective but rather as strategies that can add or subtract from a variety of government strategies, without considering the overly subjective criteria between correct and incorrect.

FIGURE 1. EXTENSIVE GAMES BETWEEN THE GOVERNMENT (A) AND ORGANIZATIONS (B)



Any of these described circumstances implies the use of economic and human resources by governments, whose gains would vary in function of the acceptance, the rejection and the very same influence of the policy in question. The ideal scenario would be one in which the strategies turn into the best answer in each of the cited groups that contain their respective information on the side of their counterpart and stop an opposing initiative from being favored through the use of another strategy, which, at its limit, won't be the better answer from the perspective of the usage of government resources. Thus, in this simple example, the better answer would be social and private interest policies combined with an acceptance attitude from non-governmental organizations, the private sectors and the community in general.

From this optic, then, the main challenge for governments would precisely consist in negotiating every obstacle that could contradict the achievement of their established goals or specific projects; that is, to stimulate a positive attitude in regard to public policies which, in our case, would be the one of regionalization or, in the language of the state of Jalisco's government, (2018-2024), the *Master Plans of Regional Development*. But examples can be multiplied to a much wider universe, as could be the case of the *Refoundation* itself –which organizations from the public sector wish to implement in an efficient manner. The presented example on Figure 1 is crucial for understanding that a determinant factor lies on the level of understanding among the diverse actors involved in the dynamics of regional development (i.e., governments and the rest of the other organizations); from all of this comes the effectiveness of the adopted measures. That is why it is suggested to start a decentralized decision-making system capable of setting the appropriate

liaisons of communication and coordination with a clear idea of the role that each of the actors would play, since large part of the decisions taken by governments have a direct effect on the private sector, communities in general and on a wide spectre of non-government organizations.

In this sense, the behavior shown by the organizations of the public sector will transmit trust (or mistrust) towards different organizations while encouraging (or discouraging) cooperative conducts in a repetitive manner. Another important function of the government is the encouragement of specific articulations among diverse sectors of society. For example, the creation of institutional mechanisms from channeling the main functions of universities (education, research and spreading knowledge) towards diverse aspects of public life, where larger social benefits could be obtained; to impact a group of particular companies or to share knowledge and experiences with the community in general are vital (Luger, 2009, pp. 119 and 120; Dalziel, Saunders and Kaye-Blake, 2009, p. 200). Furthermore, to take advantage of the know-what and know-how of universities in the decision-making processes in the governmental sphere. This needs the construction of an environment of trust, cooperation and dialogue in which benefits are shared among every organization.

The global scale institutional transformations driven forward during the last two decades of the XX Century and the first decade of the present century have been crucial for the performance of organizations related to the public sector, particularly concerning municipalities, federated states and, in some cases, some federal governmental structures of territorial or regional nature. From this, the action of local governments has become more visible, with bureaucracies going from planners to promoters in some cases and even some considering that their performance should equal that of the private sector. But aside from the postures that could come from bureaucratic strategies, there is a consensus on the pressure that must be applied to public authorities for increasing their efficiency as well as for driving and backing development at different scales (Andrew, 1989, p. 259). It is quite known that these principles were driven at a global scale by international agencies like the World Bank or the International Monetary Fund, in such a way that they had a direct impact on public organizations. In broad terms, measures like deregulation, privatization of public services and generalized liberalization were proposed.

In the case of Mexico, these measures had an effect on diverse areas of governmental chores with questionable results. The implementation of water policy comes to attention because of its regional nature that, during the eighties, was gradually decentralized from the hands of the State towards the private sector, based on allegations related to efficiency, competitiveness



and decentralization. Ever since 1917, the Mexican State had assumed the responsibility of supplying said services but, by the end of the XX Century, an organizational structure was created for gradually moving government agencies towards supplying and purifying water with a free market philosophy. However, the results derived from this last institutional matrix have been controversial in such a way that, in some contexts, it has been necessary to look for hybrid modalities between the public and the private sector. These forms of emerging cooperation in the purveyance of goods, like in sanitation and drinking water services, for example, use public infrastructure operated with private capital. The relevance of this organizational structure is its relation with local communities and their potential contribution to improve the quality of life of the respective territories where these interactions take place (Castro, 2005, p. 34; Blakely, 2009, p. 58). This situation has yet to be achieved and entails a rethinking of a new institutional structure that, in the case of Jalisco, would find its base on the *Refoundation*, of which we know very little from the standpoint of regional public policies or, otherwise, which would be the refoundation strategies of the so-called priority “regions” pointed out in the *Master Plans of Regional Development*, based on the supposition that these areas of Jalisco are indeed regions...

### **3. THE PRIVATE SECTOR**

The coalition between the subset that includes society’s private sector and its equal in the public sector (which we have denominated as government) have the potential to become one of the key engines of the regionalization process in particular and of the *Refoundation* in general. In this order of ideas, it is important to recognize two areas of action that are different but complementary to each other. In the first place, there is the wide spectre of activities related to the private sector that are visible from one or many organizations in particular, which in general terms we recognize as companies, which include those of agricultural or industrial character as well as a vast array of services like newspapers, the media, cultural initiatives for recreation or the promotion of knowledge, among many others. These firms interconnect in a complex network of relations through a continuous or discontinuous space, aside from permanently establishing contacts with different levels of national, state or municipal public administration. Whereas, on the other hand, those palpable initiatives of individual character that stand out through the practices of entrepreneurs –understanding them as the group of people that are willing to initiate concrete actions to provide a certain service to their societies,

not always looking for an economic benefit, but certainly determined to have a definite influence in multiple directions on the development of their surroundings (Pittaway, 2009, p. 213; Rowe, 2009, p. 305).

If we recognize companies as organizations, we are also emphasizing their capability to integrate work teams for increasing their endogenous performance. By the same token, companies help to coordinate productive chains, to encourage specialized services through purveyors, to increase efficiency through competition or cooperation, as well as organizing external structures, thanks to their association with other productive units that carry out similar activities or have activities in common such as entrepreneurial chambers, non-government organizations and communities in general. Traditionally, the articulation between these entrepreneurial organizations have a fundamental role in the development of local socio-economic structures; their voices and interests influence the design and implementation of regional policies in particular, as well as initiatives of institutional change of larger magnitude, just like the *Refoundation* would be.

Also, companies are connected to centers of labor training, educational institutions or research institutes in order to accumulate or to spread knowledge that will be used by other organizations or people to achieve their goals (Luger, 2009, p. 121; Goldstein, 2009, p. 242). The aforementioned is important for the encouragement of regional activities due to the formation of a virtuous circle related to organizational and territorial dynamics, generating a kind of regional public good in which companies, government agencies and communities intervene, as well as a whole series of non government organizations that interact in said environment. However, it is important to point out that companies with tendencies towards research and development are not part of the network known as open science, since the generation of new knowledge in their facilities has a commercial end or an economic benefit that, by definition, excludes other users. In spite of that, this kind of companies generally try to relate with networks that feed the open science such as universities, technological parks or applied scientific research public institutes where, on the one hand, agglomeration economies can be benefitted by maintaining relations with other researchers involved in the open science circuits and, on the other hand, to find the workforce that is fundamentally specialized in an economy of knowledge –a situation that, in the end, would be favorable for a regional performance thanks to the characteristic spiral of these processes (Dalziel, Saunders and Kaye-Blake, 2009, p. 196).

## 4. THE COMMUNITY

Communities contain another group of organizations with a key influence at a regional level. Its manifestations in this field are quite diverse. To think the *Refoundation* without the real integration of the community would hardly make this process of institutional change reach an evolutionary character –i.e. irreversible–; it would only be a rupture with the past, with results that would be equally uncertain at best. Many forms of cooperation established with other organizations (in the public and private sectors as well as with non government organizations) are based on the proximity and cohesion among them in the local and regional sphere. Even the lack of understanding by community representatives or with communities in general can be a potential generator of conflicts for the public sector and the rest of the organizational structure of regional nature. One of the most important functions of organizational structure is the legitimization of the design, the application and, in their case, the evaluation of regional public policies. The degree and type of communitary participation constitutes a good parameter for understanding the articulation that forms around the organizational structure of different regions (Page, 1989, p. 90).

We can find interesting evidence of this in Mexico, where one of the main characteristics of communities is that they are as diverse as the territories where these reside. Through time, several geographical and institutional factors that inform us on the persistence or rupture of communitary behaviors have become manifest; based on the aforementioned, it is possible to detect the influence of economical, political and social variables that have molded communitary performance. In this same order of ideas, it is possible to relate said behavior with the inequality between and within regions. For example, in the central region of Mexico, during the XIX Century, several legal pleas inform us of the use, the appropriation and, in their case, exploitation of forests by well-connected entrepreneurs, and reflect the unconformity manifested by indigenous people and communities by seeing their common law rights become restricted. At the beginning of the XXI Century, this historical appropriation of natural resources (land, forests and water, among others) marginated indigenous groups and peasants in general from the usufruct or conservation of them –these facts are not only palpable in Mexico but in many Latin American nations as well, which translates in a permanent risk for local communities in the face of increasing poverty, as well as economical and social inequalities, while elites increase their power thanks to their relations with different associations with other organizations outside the region to exploit different natural resources in a broader way with a free market’s efficientist rethoric (Tortolero,

2008, p. 33; Luke Gallup, Gaviria and Lora, 2003, p. 77; Finley-Brook, 2007, p. 106; Castro, 2005, p. 1).

The aforementioned situation constitutes a complex evidence where social, political, economical, legal, geographical and cultural elements and forms of cooperation (or the lack of it) that in large measure explain the disparity between several organizations that form a regional community and, at the same time, offer information on the path dependency of the organizational structure of different regions. The *Refoundation* would then imply a positive impact on the historical trajectory of many of Jalisco's regions, where a conflicting coexistence has been quite evident among different organizations of the institutional matrix (Eufrazio, 2016). However, in the *Master Plans of Regional Development*, by not being able to cover Jalisco's whole territory, the regional liaisons seem to be ignored by the isolation of the designated priority regions, which contributes to increase the risk of territorial polarization and lack of harmonic cohesion in the territory.

The elements we have mentioned so far are decisive for understanding the configuration of a dense social network where community organizations intervene. The evolution of their interactions with other organizations of regional character set the bases for encouraging (or stopping if that is the case) institutional innovation (*Refoundation*), the creativity or the sinnergies that drive a solid economy where knowledge can become one of the main public goods that could have an impact on the community as well as on private companies, consultants and human resources in general. The kind of relations that communities establish with other organizational structures, to a large degree, reflects their performance at a regional level. The community's participation in the regionalization processes is important since it will give meaning to the territorial dynamic and, at the same time, it is one of the main actors in the legitimation of a process of institutional change, since its identification with the main initiatives would strengthen them or, in case of the contrary, there is a risk of bureaucratizing regional policy, of eradicating it from the main actors and encouraging a regionalization in Jalisco that is quite fragmented in itself in the face of the inefficiency of previous experiences of public policy in the matter. In short, to understand the nature of the construction of institutional capabilities through time, as a sort of regional public good (Goldstein, 2009, p. 249), it would be useful for the diagnoses and the possible strategies to follow, particularly on the process of regionalization, and of the *Refoundation* in general. Because behind this structure or regional and territorial dynamic exists an evolutionary trajectory that influences the design and implementation of public policies in a decisive manner, i.e., the path dependency matters.

## FINAL CONSIDERATIONS

Just as we've seen throughout our contribution, in the regional sphere there is a wide spectre of public, private, communitary and non-profit organizations that intervene in the functioning of the organizational structure, which is an essential element in any process of institutional change which, in our case, is related with the *Refoundation*. In spite of that, we are interested in stressing out that those organizations related with the generation, accumulation and dissemination of knowledge –which has become a key good for encouraging the regionalization process. In this order of ideas, we conceive knowledge from a double perspective. On the one hand, it is viewed as an asset for different organizations, specially to those related with the business world that spread it through their market practices, like intelectual property, for example. On the other hand, it has the attribute of becoming a regional public good through open science, based on practices outside the market, fundamentally driven by universities. In the case of companies, the *Coasian* maxim applies, i.e., if the market does not supply a certain good, companies invest on it to create a productive structure that can generate it, assuming the costs of this implication, but restricting its exclusive use for the goals pursued by the company that imply an economic benefit for it (McCann, 2009, p. 132). Another form of acquiring knowledge is to cooperate with the organizations related with its creation, accumulation and dissemination. Obviously, this is much less costly and gives the cognitive process a greater certainty, but also implies a specific logic that holds its own complications.

Universities are precisely the type of organization that carries out a basic function in the creation, accumulation and dissemination of knowledge, by implementing at least three routines that contribute directly to it: the production of new knowledge that have an effect on the economic growth through a virtuous circle that impacts both the companies and the region where they are located; education for the acquisition of advanced knowledge by educating people with a wide variety of professionally competences; and finally, the reactivation of the region. Some sectors of economic activity attract knowledge of exogenous character (for example, the immigration of an innovative and qualified workforce), but also encourage the interaction with local government agencies, entrepreneurial groups, and community organizations or drive the nodes of regional innovation. To that, one can add the economic spill that comes with the employment offered by universities and with their substantial activities that favor the regional economic dynamism. However, the use of these types of knowledge for private companies and for the public sector do not turn out to be as evident as it seems to be at first glance, since the knowledge is generated first in an independent manner or with a great dispersal, in such

a way that it would be quite complicated to exploit it immediately as a raw material. I believe this to be an essential topic that should be taken into account in the *Refoundation*. Therefore, cooperation becomes essential for running the use of said knowledge, with a larger degree of certainty, as well as the process of institutional change in general. That is why universities exert a powerful attraction over other organizations, especially if the institutional matrix encourages exchanges among them.

Once the innovative potential of universities is recognized, or that of their annex research institutes, a process of feedback is created that drives an economy based on the creation of knowledge. Also, the same performance of the innovation centers that traditionally can be found inserted within dynamic urban areas, attract highly qualified and innovative people. On the other hand, this generation, accumulation and spreading of knowledge has a transversal character, since it would not only be used by a municipality or government agency, but it transcends the borders of both the public and private sector, as well as of the community in its ensemble, in such a way that universities or specialized research institutes become ingrained in the territory and in the regional dynamic (Marin, 2009, p. 160; Luger, 2009, p. 116; Goldstein, 2009, pp. 245, 252; Dalziel, Saunders and Kaye-Blake, 2009, pp. 193, 194, 204, 207).

In this same order of ideas, universities have the capacity to conceive and invest on study programs; to incubate companies or research projects directly related with the basic science that can later evolve into key analysis instruments to solve problems of regional character at any given time. An example of this are the programs related with the environment that have an integrating vision of the area and of useful knowledge, where they can practically benefit every organization established in the regional sphere. This type of knowledge has awakened the interest in the private and public sectors, contributing to establish these exchanges in an institutional matrix, to understand and –in their case– solve common problems thanks to its potential to transform the perspective of the diverse organizations that interact in the regional context. Additionally, it implies a process of permanent education, thanks to the conformation of specialized work teams that can spread their knowledge to society in general, based on methodologies and innovative approaches (Geli de Ciurana and Leal Filho, 2006, pp. 82, 92; Dalziel, Saunders and Kaye-Blake, 2009, p. 197).

The organizations related with the generation, the accumulation and the production of knowledge become a key factor to drive the endogenous growth of the regions. In the context of the *Refoundation*, we consider that this would be a key topic of discussion to rethink Jalisco within this process of institutional change. It is quite complicated to precisely measure what is the economic spill that results from the diverse activities carried out by universities or specialized

research centers. It is much easier to detect their absence in the regional dynamics before the degree of dependence towards different spaces that rely on a more solid and diversified organizational structure, where universities and specialized research institutes are direct contributors to the regional dynamic through the diverse types of knowledge that they generate and foster.

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