

# The Importance of Entrepreneurship

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# **The importance of entrepreneurship**



## **Outline:**

**1. The benefits of entrepreneurship**

**2. Case Study: Ireland**

# **1. The benefits of entrepreneurship**

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## **EU recognises benefits as:**

- Jobs and growth
- Competitiveness
- 'Unlocking' personal potential
- Societal interests

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EU Green Paper on Entrepreneurship

# **1. The benefits of entrepreneurship**

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## **EU identifies an entrepreneurial deficit**

- Aspirations
- Activity
- Impacts

But OECD identifies differences in process

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# 1. The benefits of entrepreneurship

## Why the focus on entrepreneurship?

- What has changed?
  - Determinants of competitive success
  - Barriers to entry falling
  - Growth of services sector
  - Career patterns and aspirations

# 1. The benefits of entrepreneurship

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**Economic benefits don't come from all entrepreneurs equally: The impact of high growth firms....**



# 1. The benefits of entrepreneurship

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High Growth Firms are

- Rare
  - Found in all sectors of the economy
  - Difficult to identify ex-ante
  - Growth
    - often triggered by entering new submarkets through product diversification or exports
    - often associated with disruptive strategies
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# 1. The benefits of entrepreneurship

In conclusion: **Strong case for importance of entrepreneurship**

But challenges remain:

- ‡Challenge 1: **Entrepreneurial dynamic difficult to observe and understand**
- ‡Challenge 2: **Takes time to realise the benefits**
- ‡Challenge 3: **How best to 'design' an environment supportive of**



# **The importance of entrepreneurship**

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## **Case Study:**

### **The importance of entrepreneurship in Ireland's economic development**

## 2. Case study: Ireland

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As recently as 1985, J Lee, historian concluded:

'It is difficult to avoid the conclusion that Irish economic performance has been the least impressive in western Europe, perhaps all of Europe, in the twentieth century'

## 2. Case study: Ireland

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J. Lee, historian, in **'Ireland 1912-1985'**:

- 'native businessmen of the necessary quality simply were not, for whatever reason, available'
- 'a native entrepreneurial cadre of the requisite quality had failed to emerge'

## 2. Case study: Ireland

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### The 'Celtic Tiger' Years

High levels of economic growth

Relatively high levels of entrepreneurship

- Very positive culture
- Good 'personal' context
- Drivers of entrepreneurial activity?
  - Positive demographic
  - Low levels of income taxation
  - High levels of consumer demand

High levels of inward FDI supports entrepreneurship

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## 2. Case study: Ireland

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Challenge 1: **Entrepreneurial dynamic difficult to observe and understand**

### **DIGITAL TO CLOSE IRISH MANUFACTURING PLANT**

- The Digital Equipment Corporation said that it would close its manufacturing plant in western Ireland in favor of one in Scotland.
- Loss of 780 jobs at the Galway plant, but leaves 350 R&D jobs and another 350 sales and service personnel throughout Ireland.

February 26, 1993

## 2. Case study: Ireland

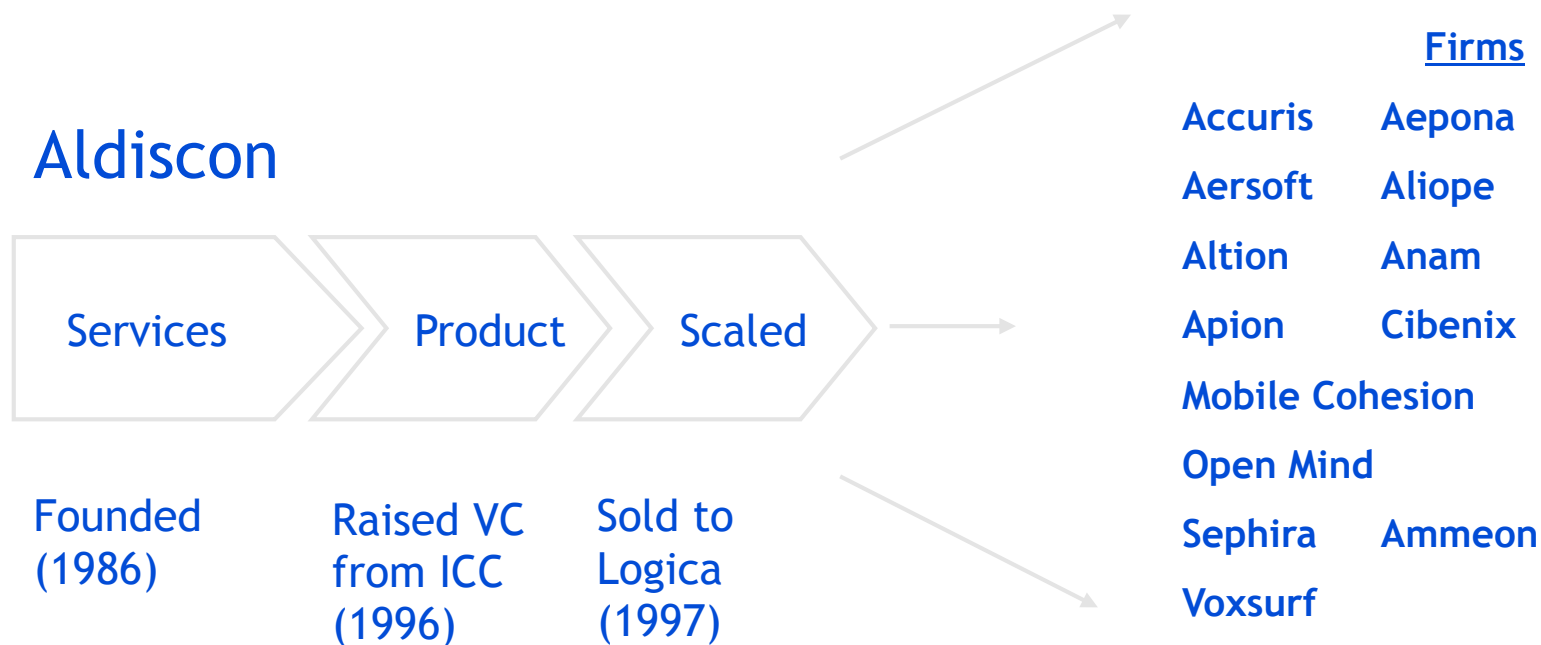
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### Enda Kenney (TD)

- “If a decision is taken to close this plant or to substantially reduce the numbers employed there, it will be a **stake through the heart of the west.**”
- Yet thriving software sector emerges in Galway

# “First generation” VC backed hi-tech start-ups spawned “second generation” hi-tech start-ups

**Challenge 2: Takes time to realise the benefits**



Source: Michael Walsh, International Investment & Underwriting

## 2. Case study: Ireland

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The benefits of entrepreneurship in Ireland

- Jobs and growth
- Competitiveness
- 'Unlocking' personal potential
- Societal interests



# Thank You

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