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

EU recognises benefits as:

- Jobs and growth
- Competitiveness
- ‘Unlocking’ personal potential
- Societal interests

EU Green Paper on Entrepreneurship
1. The benefits of entrepreneurship

EU identifies an entrepreneurial deficit

- Aspirations
- Activity
- Impacts

But OECD identifies differences in process
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

Economic benefits don’t come from all entrepreneurs equally: The impact of high growth firms....
1. The benefits of entrepreneurship

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
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

Case Study:

The importance of entrepreneurship in Ireland’s economic development
2. Case study: Ireland

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

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

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
2. Case study: Ireland

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

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

Aldiscon

- Services
- Product
- Scaled


Firms
- Accuris
- Aepona
- Aersoft
- Aliope
- Altion
- Anam
- Apion
- Cibenix
- Mobile Cohesion
- Open Mind
- Sephira
- Ammeon
- Voxsurf

Source: Michael Walsh, International Investment & Underwriting
2. Case study: Ireland

The benefits of entrepreneurship in Ireland

- Jobs and growth
- Competitiveness
- ‘Unlocking’ personal potential
- Societal interests
Thank You

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