



Innovative Entrepreneurship

Pulling on both oars together

BACKGROUND NOTE TO WORKSHOP: 'Innovative Entrepreneurship — pulling on both oars together'

LOCATION: DIT Aungier Street, Dublin 2

DATE: Wednesday, October 26, 2011

REGISTRATION: 08.30 hours

World economies are being forced to commit to more and more swingeing austerity measures and yet expected, somehow, to simultaneously conjure up economic growth to get out from under their fiscal and unemployment overhangs. At no time has entrepreneurship been more needed — not the general, imitative entrepreneurship, but ambitious, high-performance, high-growth entrepreneurship (successfully commercialising new ideas on a large scale in a short term) which most experts now translate as '*innovative entrepreneurship*'.

The aim of this workshop is to bring together policy-makers, educators and researchers, who, together with invited leaders of the Irish business community, will seek to flesh out the nature and implications of the concept of 'innovative entrepreneurship', and to identify effective, good-practice education and research approaches and the policy instruments appropriate to the Irish context.

Background

As the term suggests, 'innovative entrepreneurship' lies at the intersection of entrepreneurship and innovation, so, first, let us offer two underlying definitions:

- ♦ **Entrepreneurship Policy** is primarily concerned with creating an environment and support system that will foster the emergence of new entrepreneurs and the start-up and early-stage growth of new firms;
- ♦ **Innovation Policy** is concerned with ensuring the generation of new knowledge, improving the interaction between the main actors in the innovation system (e.g. universities, research, and firms) to enhance knowledge and technology diffusion, and establishing the right incentives for private sector innovation to transform knowledge into economic value and commercial success.

There has been a very substantial body of research on both policy areas, but, to date, comparatively little work has been done at their intersection, leaving those charged with policy implementation 'on their own' in taking the lead in staking out this vital territory.

Pragmatists that they are, these practitioners have long recognised the inherent complementarity of entrepreneurship and innovation, and have attempted to ensure that their organisations encompass both activities. For example, in the Irish case, Enterprise Ireland, IDA and Forfás are each involved with both innovation and entrepreneurship, and they have launched some very effective policy supports in the innovative entrepreneurship space, notably the High Potential Start Up programme.

But policy making is most effective and efficient when it is guided and challenged by robust policy research; and when the pressure to generate ad-hoc, short-term expedients can be contested.

This prompts the question, what has delayed the coming together of these two key elements of wider enterprise and industrial policy? The answer lies in the separate histories of the two areas: Entrepreneurship Policy has stemmed from SME needs and policy analysis while Innovation Policy has S&T Policy as its provenance.

Organised by the Community of Innovation Researchers, Tom Martin & Associates/TMA and DIT as part of Innovation Dublin 2011

Web: www.innovative-entrepreneurship.ie Email: info@innovative-entrepreneurship.ie



Entrepreneurship Policy has traditionally tended to be individual-centric — with the celebrated Schumpeterian (almost Nietzschean) depiction of the hero-entrepreneur — while Innovation has taken on an institutional, ‘systems’ incarnation.

Ironically, Schumpeter had imagined an innovating entrepreneur who would unleash ‘gales of creative destruction’ and he postulated dynamic disequilibrium rather than equilibrium and optimisation as the ‘norm’ for a healthy economy.

But, somehow, the ‘innovation’ characteristic got sidelined as traditional entrepreneurship research laid the emphasis on the commercial skill-set involved in enterprise start-ups and went down a psychology cul-de-sac attempting to single out one or several personal entrepreneurial traits.

Equally, the literature on national innovation systems (NIS) has largely neglected the issue of entrepreneurship: a survey of the major innovation research contributions (Freeman, 1987; Nelson, 1993; Lundvall, 1992; Edquist, 1997) shows that entrepreneurship is virtually absent from their work. But an analysis of NIS that does not take account of entrepreneurship is rendering this concept increasingly irrelevant.

Over the last decade there are some emerging signs that researchers are beginning to pull the two policy areas together. Several entrepreneurship scholars have begun to question the widely-held view of entrepreneurs as isolated economic actors, and are depicting them as tied through their social relationships to a broader network of actors (for a review of this literature see Hoang and Antoncic, 2003).

Likewise innovation scholars such as Radosevic have suggested replacing the dominant institutional view with a functional interpretation of the NIS to enable the integration of innovation and entrepreneurship.

Several European research projects, notably IPREG (Innovative Policy Research for Economic Growth, 2006–ongoing), KEIN (Knowledge, Entrepreneurship, Innovation, Networks and Systems, FP6 2004–2008), and AEGIS (Advancing Knowledge-Intensive Entrepreneurship and Innovation for Economic Growth, FP7 2009–2011) have focused on innovative entrepreneurship.

Several recent publications entitled “*Innovation and Entrepreneurship*” include works by Drucker (2007) and by Bessant (2007); and in 2011 Audretsch released a new *Handbook of Research on Innovation and Entrepreneurship*. The hope now is that the momentum of these new enlightened departures in policy research will lead to an integrated theory of innovative entrepreneurship policy which will not only eliminate redundancies in innovation and entrepreneurship policies but contribute to reinforcing synergies.

Teaching and research practice has tended to reflect this lack of integration of innovation and entrepreneurship thinking and policy. Advances have been made at both the 2nd and 3rd levels in the teaching of entrepreneurship but it is still not a priority in terms of the overall curriculum. Equally, innovation is on the agenda but the interface between business and technology subjects has presented difficulties. In formal research terms, innovation has only recently become an identifiable area of activity, as reflected in the establishment of the Community of Innovation Researchers but entrepreneurship issues are only now being seen as an important area of study within a broader innovation context.

Our workshop will aim to glean vital clues on how to rapidly accelerate the rate of innovative entrepreneurship in Ireland.