

# **Entrepreneurship and Innovation:** *Instituted Connections and Policy Implications*

**Dimitri Gagliardi**

Manchester Institute of Innovation Research

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# Topics

## Entrepreneurship and Innovation

- Historical background
- Schumpeter and modern entrepreneurship and innovation studies
- The system of innovation
- Entrepreneurship as policy lever

# Entrepreneurship and Innovation: Historical background

Entrepreneurship behaviour and the constant introduction of Innovations are responsible for the evolutionary trajectories that brought us to the modern social and economic setting

## Early mentions of Entrepreneur:

- R. Cantillon (1680 – 1734, Mercantilist)
  - defined the entrepreneur as a risk-taker since its activities consist in buying goods at a certain price and sell them in the future at an undetermined price
- J. B. Say (1767 – 1832, Classical Liberalism)
  - described an entrepreneur as an individual who shifts economic resources out of an area of lower and into an area of higher productivity and greater yield

The systematic study of the phenomenon is however  
much recent

# Entrepreneurship and Innovation

## the Schumpeterian tradition

- **Schumpeter** talks about the entrepreneur as the agent of change responsible for the 'creative destruction' that happens as a consequence of the entrepreneurial activity by introducing innovation
- **Metcalf** (2004) highlights entrepreneurship as a creative activity and entrepreneurs as imaginative, bold, ingenious, exerting leadership, persistent and determined...

**Entrepreneurs** – profit seekers - are the engine of a capitalist economy

->active in the creative destruction process

->Introduce innovations onto the marketplace

with the potential of destroying or displacing and substituting established technologies, products, services, organisation of production etc.

**by**

exploring, devising and exploiting the application of new knowledge or the recombination of existing knowledge

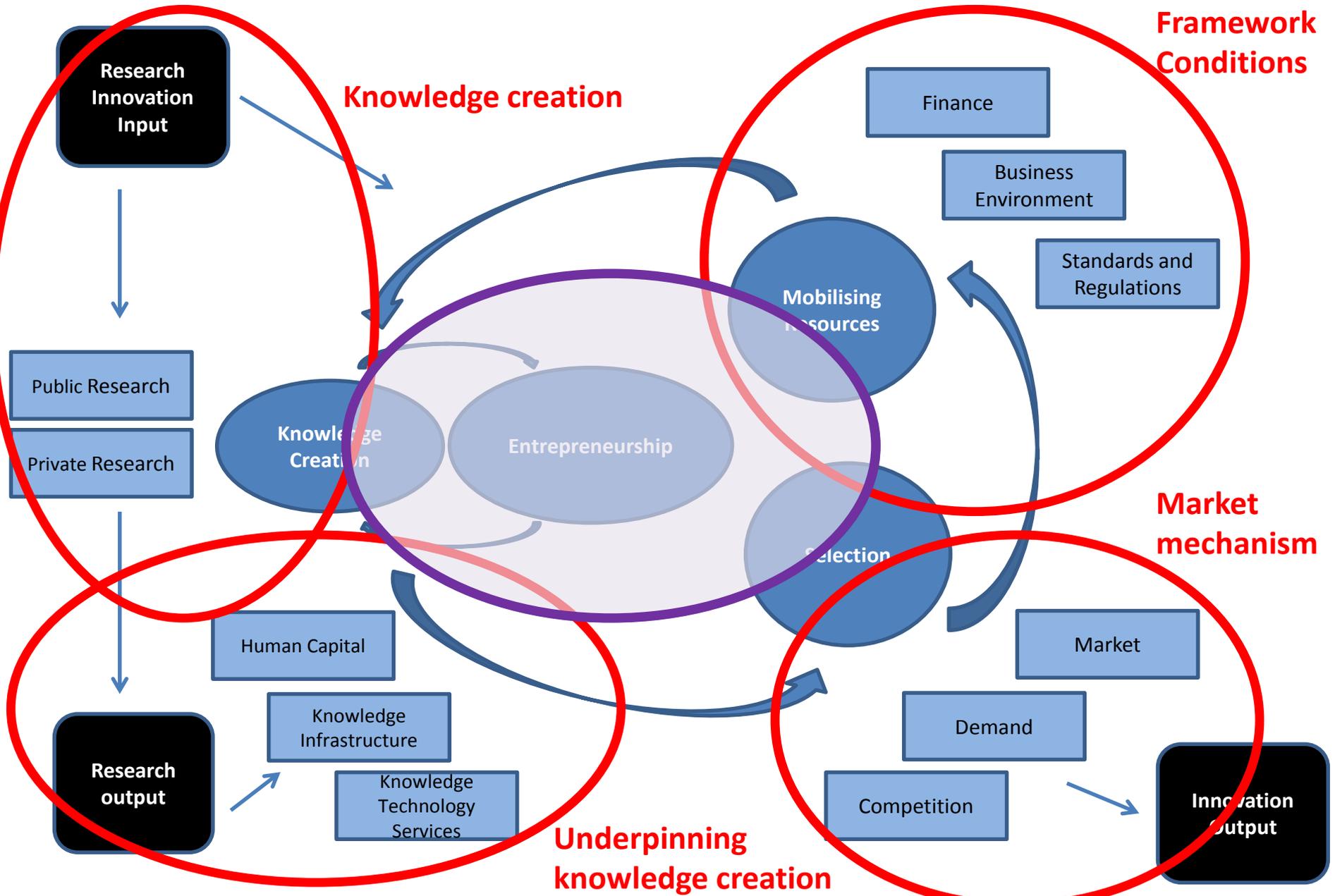
# The system of Innovation

**From** the linear model of innovation according to which novel technologies/products/services happen in a discrete sequence



**To** a system of relations amongst interconnected institutions and individual actors contributing to the creation of knowledge, its (re)combination, the production and diffusion of technologies, products and services...

# A representation of the system of Innovation



# Entrepreneurship as policy lever

Entrepreneurship seen at different levels in the SI:

## 1. Macroeconomic/Systemic

- entrepreneurship embodies two contrasting forces in a market: competition and innovation. The first tends towards the equilibrium, the second is disrupting.

## 2. Organisational

- entrepreneurial activity is spurred by the organisation of combining searching innovation possibilities, enterprising and carrying out the economic activity.

## 3. Individual

- The entrepreneur is the person able to
  - 1) identify business opportunities, either by scouting the market, formulating business ideas, creating new knowledge or recombining existing knowledge;
  - 2) gather the necessary resources through risking own capital or accessing other forms of financing and
  - 3) initiate appropriate actions to secure success by organising the start-up, managing the initial phases, setting out the activities necessary and plan ahead in order to implement its vision of the enterprise.

# ... an example

These levels of analysis bring forward an understanding of the Innovation Policy process concerning entrepreneurship and entrepreneurial activity as aiming at:

## 1) Creating new entrepreneurial ventures

- **From** regulation, standardisation and access to finance **to** fostering appropriate links between the knowledge-base to knowledge application

## 2) Creating entrepreneurs

- **From** creating business-friendly environment **to** entrepreneurial skills formation and competence building

# ... an example



JRC SCIENCE AND POLICY REPORTS

## **Entrepreneurship Competence: An Overview of Existing Concepts, Policies and Initiatives**

*Final Report*

Authors: Ivana Komarkova, Dimitri Gagliardi,  
Johannes Conrads, Antonio Collado

Editors: Margherita Bacigalupo, Panagiotis  
Kampylis and Yves Punie

# Thank you!

See me on ResearchGate  
or mail me:

[dimitri.gagliardi@manchester.ac.uk](mailto:dimitri.gagliardi@manchester.ac.uk)