

The Importance of Entrepreneurship

It is abundantly clear that entrepreneurship is important for economic growth, productivity, innovation and employment, and many OECD countries have made entrepreneurship an explicit policy priority. As globalisation reshapes the international economic landscape and technological change creates greater uncertainty in the world economy, entrepreneurship is believed to offer ways to help to meet new economic, social and environmental challenges.

Entrepreneurship has gained additional attention in the current economic crisis, as it is widely viewed as a key aspect of economic dynamism. Economic crises are historically times of industrial renewal, or creative destruction, as less efficient firms fail while more efficient ones emerge and expand. New business models and new technologies, particularly those leading to cost reductions, often emerge in downturns.

Hence, policy makers look at entrepreneurship in combination with innovation to return to a period of sustained economic growth. Both entrepreneurship and innovation are associated with “doing something new” and policies, if designed appropriately, can be mutually reinforcing in (re-)creating economic dynamism. The dynamic process of new firm creation introduces and disperses innovative products, processes and organisational structures throughout the economy.

Policy makers need to understand the determinants of and obstacles to entrepreneurship because they must analyse the effectiveness of different policy approaches. Ultimately, policy making must be guided, as far as possible, by evidence and facts. The lack of internationally comparable empirical evidence has constrained the understanding of entrepreneurship and many questions remain unanswered.

Of course, entrepreneurship objectives and policies differ considerably among countries, owing to different policy needs and diverse perspectives on what is meant by entrepreneurship. In some countries, entrepreneurship is linked to regional development programmes, and the creation of new firms is stimulated to boost employment and output in depressed regions. In others, entrepreneurship is a key element of strategies designed to facilitate the participation of certain target groups, such as women or minorities, in the economy. Some countries simply seek to increase firm creation as such, while others set out to support high-growth firms.

The OECD aims to provide policy makers and governments with internationally comparable indicators on entrepreneurship, but remaining mindful of the different policy contexts across countries. Different indicators are proposed, each of which represents one element of the broad and complex entrepreneurship phenomenon. As such, the OECD, in association with Eurostat and national experts, has developed a new, and more robust, international knowledge base on entrepreneurship.