



The Baton: views on entrepreneurship

The Baton of Entrepreneurship is a feature of the CBS Entrepreneurship Platform that aims to stimulate dialogue and share insights into entrepreneurship research across the boundaries of CBS. Ten CBS researchers offer scientifically sound opinions on the topic. Each person answers the same five questions and passes the baton on to a researcher of their own choice outside their own department. enter Magazine presents the two first batons by Toke Reichstein and Anders Sørensen.



#1 TOKE REICHSTEIN
Professor at Department of Innovation and Organizational Economics

Toke Reichstein's research interest in entrepreneurship is to investigate regularities at the individual level, aiming to disentangle the premises that drive individuals into self-employment and identifying under what circumstances the newly established firm are likely to succeed. His work in technology licensing and innovation takes its point of departure at the level of the firm and seeks to marry contractual economics and management of open innovation in the pursuit of a more complete understanding of the best practices in terms of drawing on external partnering to retrieve useful information and knowledge for the firm's innovation activities.

1. What is your understanding of entrepreneurship?

Entrepreneurship is a process of business establishment triggered by an individual's choice to pursue a discovered business opportunity given the context in which he operates - either alone or as a member of a team. Accordingly, entrepreneurship regards the contextual, dispositional and opportunity-related mechanisms that hamper or trigger the establishment of new businesses or practices.

2. What characterises an entrepreneur as an individual?

Characterising the typical entrepreneur is a difficult task. Multiple research streams (psychology, sociology, economics, neurobiology etc.) have found the entrepreneur interesting and worth studying. This is not least because the character is dynamic and often highly visible among peers. Yet, common across disciplines is that the typical entrepreneur is professionally footloose and relatively unconstrained by the established. From a management perspective, the entrepreneur thrives with challenges, seeks new opportunities and positions himself in the information corridor, which allows him to discover, develop and exploit opportunities. Such traits provide the entrepreneur with advantages in the context of entrepreneurship. But it also represents specific disadvantages.

3. What does this mean for university education or education more generally?

Universities should offer educational opportunities that provide students insights into the stages and process of entrepreneurial venturing. Not only to feed the entrepreneurial process directly. But also to provide capabilities in assessing and evaluating entrepreneurial opportunities and ventures as a stakeholder or form useful and sustainable policies targeted at entrepreneurial activities. It will also feed the labour market with capacities and capabilities that may prove central in the further development of the population of organizations across economies. The aim should be to furnish an understanding of advantages and disadvantages to

enable the business decision makers to better manage entrepreneurship and the entrepreneurial individual.

4. What is the role and function of entrepreneurship for private companies and for the public sector?

Many established organisations, private and public alike, are characterised by bureaucratic and formalised ways of operating. Accordingly, such organisations may often lack the qualities necessary for generating competitive advantages. The static and rigid organisation often fails to act in times of turmoil or economic shocks. And it is far from proactive in taking initiative for change and development. Unfortunately, the entrepreneurial individual does not consider such organisations attractive in the pursuit of a career. Indeed, they tend to leave relatively quickly for a more fitting environment if, for some reason, they find themselves working for such an organisation. That is a major challenge for the established and the public sector, since these co-workers can be key for generating a more dynamic organisational environment. They may prove essential for innovation, development and, ultimately, performance. To harness these qualities, it is imperative to organise in a way that attracts and retains the entrepreneurial individual.

5. In what sense is entrepreneurship important for society?

Entrepreneurship is important for society since it challenges the existing hierarchies of markets and industries and rattles the ranking among firms as well as among individuals by redistributing wealth and profits. It upsets the status quo by being an engine for change, challenging traditional and entrenched ways of operating and the habitual perception of reality. It fosters Schumpeterian creative destruction where old and obsolete ways and assets are replaced by younger and more promising alternatives. Finally, recent research suggests that entrepreneurship plays a decisive role in offering high-quality career alternatives to a subpopulation of individuals that otherwise accounts for a greater share of the costs and welfare loss associated with high employment turnover. Entrepreneurship thereby represents a major contributor to societal welfare and growth.

6. To whom do you pass the baton?

Anders Sørensen



#2 ANDERS SØRENSEN
Professor at the Department of Economics

Anders Sørensen holds an MSc degree in economics from Aarhus University (1993) and a PhD from Copenhagen Business School (1997). During his doctoral studies he was a visiting graduate student at the University of California, Berkeley. He is professor of Empirical Economics at the Department of Economics, CBS, and co-director of CBS's Human Capital, Organization Design, and Performance (HOPE) research environment. Previously, he was Assistant Professor at Johns Hopkins University (USA) and director of CBS's Centre for Economic and Business Research (CEBR) and also served as a member of the Danish Productivity Commission. His main research interest is in productivity, human capital and innovation as well as empirical economics. Sørensen has published his research in a range of journals, including *American Economic Review*, *Journal of Economic Growth* and *Small Business Economics*. He has been with CBS since 2004.

1. What is your understanding of entrepreneurship?

An entrepreneur is a person who organises and manages the start-up of a firm. Thus, an entrepreneur identifies an opportunity, develops a business plan, starts the firm and manages the business. Hopefully, the entrepreneur earns a profit.

2. What characterises an entrepreneur as an individual?

To be successful, entrepreneurs need both theoretical skills obtained through schooling and practical skills acquired through wage-work. In other words, formal schooling and wage-work experience are complementary types of human capital for entrepreneurs.

3. What does this mean for university education or education more generally?

This idea that entrepreneurs require two types of skills to be successful is related to Lazear's 'Jack-of-all-Trades' theory. He argues that entrepreneurs should be generalists, whereas waged workers should be specialists. Consistent with this theory, Lazear finds that for a group of Stanford MBAs, the probability of becoming an entrepreneur increases with a more field-dispersed set of courses in the MBA programme. Hence, large variation in the curriculum is important for prospective entrepreneurs.

4. What is the role and function of entrepreneurship for private companies and for the public sector?

Entrepreneurship may have an important effect on incumbent firms. Entrepreneurs are often considered to have an important role as an engine for growth and prosperity. In the words of Schumpeter, entrepreneurs create combinations of inputs and outputs. They pioneer new activities, exploit new market opportunities and allocate labour to its most productive use. If this is the case, entrepreneurs will influence the conditions for incumbent firms.

However, entrepreneurship is not always found to be good business for those who are involved in entrepreneurial projects.

Earlier research surveyed by van Praag and Versloot (2007) indicates that jobs created by entrepreneurs are insecure and relatively low-paid. And in contrast to the impression created by famous high-tech start-ups, van Praag and Versloot (2007) conclude that employees in start-ups often have shorter education than employees in other firms, and that productivity levels in entrepreneurial start-ups are not higher than or even lower than levels in established firms.

For the public sector, entrepreneurs may be of importance if they are able to drive innovations that can make the public sector more effective.

5. In what sense is entrepreneurship important for society?

Entrepreneurs are generally considered as being of key importance for generating new jobs and economic growth.

6. To whom do you pass the baton?

Ulrich Kaiser

Follow the Baton of Entrepreneurship and find further answers from Ulrich Kaiser, Wolfgang Sofka, William B. Gartner and more at <http://www.cbs.dk/viden-samfundet/business-in-society/entrepreneurship/media/the-baton-of-entrepreneurship>

enter Entrepreneurship Research and Education Magazine

enter Entrepreneurship Research and Education Magazine is a new online magazine from the Entrepreneurship Platform at CBS. enter aims to offer quick and accessible insight into entrepreneurship research and knowledge at CBS and to bring the research and educational landscape at CBS into a more intense dialogue with business and society. The enter magazine is published twice a year and is free of charge. Reproduction allowed and encouraged with indication of source. Please see www.cbs.dk/entrepreneurship

CBS ENTREPRENEURSHIP PLATFORM

Copenhagen Business School (CBS) established the Entrepreneurship Platform in spring 2013. The platform integrates and coordinates entrepreneurship research, education and outreach activities at CBS and is a single point of entry for entrepreneurship at the Copenhagen Business School.

ENTREPRENEURSHIP PLATFORM · COPENHAGEN BUSINESS SCHOOL

Porcelænshaven 18B, 3rd.floor
2000 Frederiksberg,
Denmark

Tel: +45 3815 2663
entrepreneurship@cbs.dk
www.cbs.dk/entrepreneurship